

## Democratic Leadership Style and Organizational Performance: An Appraisal

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### Abstract

The study appraised democratic leadership style and organizational performance. A democratic Leadership style is the key in determining the level of employee performance in an organization. Democratic leadership styles have given the managers the ability to take the right decisions, participate with others or ask their employees to handle some issues. Leadership theories were analyzed which helped to articulate democratic leadership styles more appropriate. It was show that democratic leadership elicits higher levels of trust, and leads subordinates to reciprocate through exhibiting higher levels of organizational performance. The study thereafter recommends that leaders in organization settings and other areas should apply this democratic leadership style frequently.

### Keywords:

Democracy,  
Leadership Style,  
Organizational  
Performance

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### **Background to the Study**

The effectiveness of a leader is a major determinant of success or failure of an organization, group or even a country (Fiedler, 1996), the concept of leadership has gained a lot of attention from managers to researchers worldwide. One of the most significant functions performed by Leaders is making and executing decisions. According to Polston-Murdoch (2013), leaders who use the democratic style attain better employee performance than those who don't. Negron (2008), persist that democratic leadership style points to an increase in employee performance characterized by high profits. 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 had a significant impact on employees' performance in organizations. Otieno (2015) found out that the democratic leadership styles led to employee engagement which inturn led to superior employee performance in the organization.

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 problems were mainly identified in the area of policy formulation and implementation. However, there is growing evidence to demonstrate that democratic leadership styles engender positive employee work attitudes in the public sector (Kim, 2002; Wright and Kim, 2004). Democratic leadership involves efforts by a leader to encourage and facilitate participation by others in making important decisions (Yukl, 2010). In organizations, it is often necessary to involve others in the process of decision making in order to get decisions approved and implemented. Democratic leaders not only guide group members but also participate actively in the group and acknowledge inputs from group members when making decisions and solving problems. Given that no leader can be a specialist in all fields, decisions reached in this way are more effective and precise. The issue of how much authority others are given to depends on the manager's preferences and attitudes, as well as on the nature of decision being made.

## **Conceptual Clarification/Literature Review**

### **Democratic Leadership**

Democratic leadership theory has been largely associated with governments but it has become inevitable to relate it to organizations for proper conduct and effectiveness. As Besse (1957) puts it, the theory was informed two thousand years ago, participation in the religion which has come to dominate the World. The theory is informed by the works of classical and neo-classical theorists such as Aristotle, Plato, Thomas Hobbes, John Locke, Jean Jacques, Rousseau, Edmund Burke, James Madison, John C. Calhoun to mention a few.

The core issue about democracy is the importance it attaches to human personality. It assumes civic capacity on the part of individuals. This capacity involves intelligence, self-control and conscience. Its essence is the right of every man bound by the decision of a government (organization) to contribute (whatever is in him to contribute) to the making and remaking of those decisions. This right is integral to democracy because it makes possible free discussion and the continuous participation of the people (individuals) in the government (organization). This implies the obligation to respect the other man, to listen to his arguments and to take into account his point of view. It is through participation that individuals (subordinates) contribute ideas towards the solution of problems affecting their organization and jobs. Participation can create an asset in morale so that when necessary orders are given, people will respond more co-operatively because they are participating in the affairs of the organization (Appadorai, 2005). When leaders establish means for obtaining help from subordinates in the making of plans and decisions, they are making them to know that their contributions are sought and appreciated and this creates great benefits and harmony in the organization.

Tannenbaum and Schmidt (1958) describe democratic leadership as one where decision-making is decentralized and shared by subordinates. The likelihood for poor decision-making and weak execution is, however, significant. The biggest problem with democratic leadership is its underlying assumption that everyone has an equal stake in an outcome as well as shared levels of expertise with regard to decisions, which is rarely the case. On the other hand, while democratic leadership sounds good in theory, it is seldom bogged down in its own slow process, and workable results usually require an enormous amount of effort (Michael, 2010).

Mullins (1999) is of the view that democratic leadership style focuses more on people and there is greater interaction within the group. The leadership functions are shared with members of the group and the leader is more part of the team (Mullins, 1999). Similarly, Luthar (1996) and Wilson et al. (1994) concurred that the principles of democratic leadership is friendliness, helpfulness, and the encouragement of participation. In the same vein, McGregor (1960) described this leadership style as benevolent, participative, and believing in people. He equated democratic leader to the Theory Y manager which is associated with increased follower productivity, satisfaction, involvement, and commitment (Hackman, Johnson, & Choi, 2007).

The philosophical assumption underlying democratic leadership style is that naturally all people are trustworthy, self-motivated, like responsibility and challenging work and so encourages organizational conditions to foster teamwork, high performance and satisfaction (Warrick, 1981). The emphasis of this leadership style is on performance and people.

### **Theoretical Framework of Leadership**

Many theoretical concepts have been used to describe leadership. Prominent among them are the traits approach, the situation concepts and combinations traits, and situation concept approach manifesting into the group dynamic approach. These theories according to Igbaekemen GO & Odivwri JE (2015) are as follows:

#### **Theory x and Theory y**

Finally, the popular 'theory X and theory Y developed by Douglas McGregor has also made a tremendous impact on the study of leadership. According to McGregor, the relationship between the leadership style adopted by a manager and the latter's perception of the subordinates is reflected in the two sets of assumptions as stated below:

**Theory X assumptions:** Average human beings have an inherent dislike of work and will avoid it if they can.

Because of this human characteristic of dislike or work, most people must be coerced, controlled, directed and threatened with punishment to get them to put forth adequate effort towards the achievements of organizational objectives.

Average human beings prefer to be directed, wish to avoid responsibility, have relative little ambition, and want security above all.

**The Trait approach:** The trait theory or approach to leadership suggests that the person who emerges as a leader in a group does so because he possesses certain traits. This is the basis of saying that "Leaders are born not made". Like all client there are some elements of truth in the saying although it cannot be taken generally. The approach suggests that effective leaders should have:

**Integrity:** This is defined as the quality which makes people trust you. It means literally personal wholeness.

**Enthusiasm:** This is a general characteristic of leaders.

**Warmth:** A warm personality listens and accommodates, calmness, and tough no matter how valuable the traditional approach might be in the long term, it may not be considered the best approach to the study of leadership in an organization. But the study of leadership in terms of qualities of personality and character as it differs from person to person goes a long way in understanding leadership but it is far from being the whole story.

**Theory Y assumptions:** The assumptions under theory Y are seen by McGregor as follows:

1. The expenditure of physical effort and mental effort in work is as natural as play or rest.
2. External control and threat of punishment are not the only means for bringing about effort toward organization objectives. People will exercise self-direction and self-control in the service of objectives to which they are committed.

Commitment to objectives is a function of reward that is associated with their achievement. Average human beings learn, under proper conditions not only to accept but also seek responsibility

The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly distributed in the population. Under the conditions of modern industrial life the intellectual potential of the average human being are only partially utilized. By this theory McGregor, again demonstrated the factors that influence practical managers in choosing a leadership style, which would in turn impacts positively or negatively on the subordinates, and consequently on the entire organization. By implications, managers who believe in 'Theory X assumptions would tend to adopt an autocratic leadership style, while those who view subordinates at theory Y's angle would tend to adopt a democratic leadership style.

However, McGregor warned managers viewing the theory as representing two opposite extreme style of leadership. But instead, recommended that an effective manager should recognize the dignity and capabilities, as well as the limitations of people and adjust behaviors as demanded by the situation.

### **The Situational Concept Approach**

A second main approach to the study of leadership emphasizes on the importance of the "situation" in determining who should become the leader of a group. The approach summarizes three main areas of need in working groups. They are:

1. The need to achieve a common task
2. The need to be held together as a working team and
3. The need which each individuals has by virtue of being human

The group approach was of the opinion that leadership is vested in the function not in a person. That anyone who provides a hind which is accepted or effective in a group is the leader for that moment. This is because some groups do have safety leaders, appointed or elected individuals who would come up with the necessary function if no one else did so.

### **The Contingency Approach**

The approach was developed by a group of researchers and consultants who tried to apply the concepts of the approaches of the main schools of thought as highlighted above

to real life situations. They found, there is no single design that is best for all situations. Solutions to problems depend on the particular situation or environment.

### **Organizational Performance**

Organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 1993). Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

Performance is therefore the outcome of actions on the job and its also the product that (outcome) in another way, performance is the effect that people get on the job, and its also the things they do that cause those effects. Performance involves input (the action people put into the job) and output (the consequences of those actions). Good performance therefore, is a function of motivation.

### **Factors that Enhance Performance**

The factors that enhance workers performance are as follows:-

1. The challenging nature of the job.
2. Adequate interaction with co-workers.
3. Recognition of ones performance in the organization.
4. Desires for achievement at work
5. Possibilities of personal growth and development.
6. The free flow of communication between superior and subordinate employees
7. Workers participation in managerial decision.
8. Re-designing jobs to allow workers for greater challenges and broader range of participation in the organizational activities.
9. Conducive atmosphere for work
10. Better welfare packages for the workers.

### **Democratic Leadership Style and Organizational Performance: An Appraisal**

A powerful source of management development is effective democratic leadership style as studies have shown. This sustained competitive advantage for organizational performance improvement.

Researchers suggest that effective democratic leadership style can facilitate the improvement of performance when organizations face new challenges. Researchers view the effects of democratic leadership on performance so it is necessary that they are understandable, e.g. (Zhu, Chew, & and Spangler, 2005) as one of the heavy key forces for improving a organization's performance. According to (Mehra, 2006), when some organizations seek efficient ways to enable them to outperform others, a longstanding

approach is to focus on the effects of democratic leadership. Some scholars believe that democratic leadership facilitates organizational performance enhancement, while others contradict this idea.

However, democratic leadership style results in high employee performance, satisfaction, cooperation, and commitment. It reduces the need for controls and formal rules and procedures which result in low employee absenteeism and turnover. This is to say that democratic leadership style develops competent and committed employees who are willing to give their best, think for themselves, communicate openly, and seek responsibility (Bass, 1990; Stogdill, 1974). Also, with all the positive attributes associated with democratic leadership style, decision-making becomes over-stretched since opinions and lengthy debates play a key part in the process which enhances successful implementation (Denhardt & Denhardt, 2003).

To buttress the above argument, Moshal (2009) emphasis on the benefits associated with democratic leadership style which includes increased trust in the leaders by their followers which positively affect organizational performance. 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 organization 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).

Based on the theoretical explanation of democratic leadership style, the researchers find that planning within a democratic leadership system is accomplished with heavy employee involvement with objectives that are transparently and clearly established with its accompanying performance targets. Decision-making in a democratic system is decentralized and flexible with clearly defined responsibilities and an open participative work environment. Punishments as a form of reprimand are the last option and high performance is recognized and rewarded (Albert et al, 2014).

### **Conclusion and Recommendations**

This study has appraised the effect of democratic leadership styles on organizational performance. Attention was also focused on the topic in creating efficiency on organizations that fully embraced democratic leadership styles. It is hoped that the presentation of democratic leadership style in this study will contribute to the better understanding of the need for adopting of democratic leadership style in an organization, which will enhance organizational performance. From the study, it was inferred that democratic types of leadership is the best of leadership styles because of the benefits that will be derived from it by the employees amid the overall result to the organization as a whole. However, the study established a significant positive effect between application of democratic 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.

The study shows that there is a significant effect of democratic leadership style on organizational performance. Based on this, the study recommends that leaders in organization settings and other areas should apply this leadership style frequently. They should purpose to get employee input when making decisions that affect the employees and the organization in general.

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