

LEADERSHIP STYLES AND THEIR CONTRIBUTION TO PERFORMANCE AND SATISFACTION OF LEADERS AND FOLLOWERS IN STATE OWNED AND PRIVATE ENTERPRISES IN PAPUA NEW GUINEA

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APPROPRIATE style of the leaders contributes to enhancement of performance and satisfaction of leaders as well as followers in an organization. In addition, participative leadership style contributes to optimum use of employees' ideas and knowledge, developmental leadership style contributes for the human resource development of subordinates and transformational leadership style exploits the subordinates' potentialities while autocratic leadership style fails to use the ideas and skills of the subordinates, however, it contributes for the fast decision-making and implementation of the decisions and is appropriate for routine and less important issues. This paper analyses leadership styles of managers in a selection of state owned enterprises (SOEs) and private enterprises (PEs) in Papua New Guinea using solicited responses from selected managers of different categories at different levels. It also deals with the association among leadership styles of managers, performance and satisfaction of leaders as well as followers. It is found that the level of performance of followers and satisfaction levels of followers and leaders are of higher order in PEs compared to that of SOEs due to assuming appropriate leadership styles. It offers suggestions for assuming appropriate leadership styles in view of challenges of the global business environment. Statistical analytical tools like 'T' test, co-efficient of correlation and other descriptive statistics scores have been used to quantify qualitative variables of the leadership style and performance and satisfaction.

Key words: Leadership Styles, Performance, and Satisfaction.

Acronyms Used: PNG=Papua New Guinea, SOEs=State Owned Enterprises, PEs= Private Enterprises

Introduction

The concept of leadership has undergone a sea change from 'born-leader' to 'situation-leader' and to transformation leader. Views, assumptions and theories of leadership have changed significantly in recent years. Organizations have set managers more as leaders to meet the challenges and achieve higher order goals. The style of leadership provided by the managers determines the degree of success of business via employee satisfaction, contribution and performance. Various types of leadership styles are broadly grouped into four categories for the purpose of this study viz., (i) autocratic leadership style, (ii) participative leadership style (including democratic style), (iii) developmental leadership style and (iv) transformational (inspirational leadership) style.

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Leadership style assumes significance as it determines the acceptance/rejection and implementation of the leader's decision by the follower with or without modification. In turn leadership style determines the performance of the organization via that of the followers and leaders (Rao, 2003). Thus appropriate leadership style contributes for (i) performance of the leader, (ii) performance of the follower, (iii) satisfaction of the leader and (iv) satisfaction of the follower.

Need for the Study

Private enterprises (PEs) in the post-globalisation era invest in technology as well as in people's soft skill development including leadership skills in order to respond to the global challenges. In fact PEs develop their people ahead of changes in order to act as a change agent and employ pro-active strategies. It is indeed true because, organisations can be continuous learners through the development of its people and meet the challenges of the competition. State Owned Enterprises (SOEs) are also no exception to the competition under the market economic system. As such, they should also develop the leadership skills of their managers to compete with PEs. Appropriate leadership style contributes to organisational performance via employee performance and satisfaction both in PEs and SOEs. This observation underscores the significance of this study.

Review of the existing literature on the theme of the study indicates that there are a few studies in other countries (Datta 1999, 2003; Prasad 2001; Mukherjee 2004; Krishna 2005). The studies in PNG are rare to find. However, there are a few studies on organizational environment and human resource management in PNG (Kavanamur, Okole, Manning and Levantis 2004; Hess 2001; Imbun 2001; Imbun and Morres 2001; Mc Gavin 2001; Jones and Imbun 2001; Michael, 2001; Khandelwall 1994). Therefore, the present study is expected to contribute towards plugging this gap.

The purpose of this study is to find out the impact of leadership styles on performance and satisfaction of followers and leaders in PEs and SOEs in PNG and to suggest measures to adapt appropriate leadership styles.

Methodology and Results

Data used for this study were collected mostly from primary sources. A questionnaire was developed and administered together with interviews conducted.

This is basically an empirical study about the leadership styles of managers, performance and satisfaction levels of leaders and followers in selected SOEs and PEs based on the perception of managers working in PEs like, ANZ Bank, City Pharmacy, Air Lines PNG and Arnotts Biscuits (PNG) Limited, and SOEs like Eda Ranu, Telecom PNG, Air Niugini and Post PNG. SOEs and PEs were selected to facilitate comparison between public and private sector organisations. The organisations were selected purely on judgement basis, as studies of this nature had not been conducted earlier in PNG. As such purposive sampling technique was applied.

The questionnaires elicited responses from 72 out of 120 managers from SOEs, and 84 out of 120 managers from PEs. As the size of the two sectors varies in regard to the number of employees, the quota sampling technique was used.

The 'T' test (t-value) and co-efficient of correlation (r - value) were employed in this study. The 'T' test was employed with a view to establishing whether the difference between two sample means is statistically significant or insignificant. The degree of relationship was measured with the help of co-efficient of correlation and other descriptive statistical tools like mean, standard deviation and percentage.

This paper presents a comparative analysis of leadership styles of managers in PEs and SOEs using three factors viz., hierarchy, qualification and experience and the association of leadership style and performance and satisfaction levels of followers and leaders.

Hierarchy Based Analysis

Table-1 reveals the mean score values along with standard deviation (SD) and ‘T’ values of leadership styles of managers on overall as well as factor wise basis according to the hierarchy levels viz., lower level management, middle level management, higher level management and population as a whole, i.e., managers of all levels. The mean values along with ‘T’ values of leadership style of managers on overall basis for the three categories of managers and population as a whole in two sectors respectively are, $X_1 = 11.44$, $X_2 = 12.34$ (T=0.65); $X_1 = 11.90$, $X_2 = 12.35$ (T=1.84); $X_1 = 14.85$, $X_2 = 13.95$ (T= 1.85) and $X_1 = 11.65$, $X_2 = 12.42$ (T=1.59). This reveals that two sectors differ significantly regarding all leadership styles of managers at middle and higher levels. But the two sectors do not differ significantly at lower level management with regard to all types of leadership styles. Calculated ‘T’ values and mean-scores indicate that the leadership style of managers at higher level and middle level in PEs are acceptable, but not so at all levels in SOEs and also at the lower level of management in PEs.

* X_1 = Mean score of SOEs, * X_2 = Mean score of PEs

Table 1: Comparison of SOEs and PEs regarding Leadership Styles of Managers on overall as well as factor-wise basis according to Hierarchy (Mean and Standard Deviation along with ‘t’ values)

Variables	Lower Level of Management				
	X_1		X_2		‘t’ Value
	Mean	SD	Mean	SD	
Autocratic Leadership	10.87	4.56	11.63	2.63	0.85
Participative Leadership	10.73	5.11	11.84	3.45	1.83
Developmental Leadership	10.77	4.55	11.55	3.59	0.57
Transformational	12.80	4.85	13.72	4.25	1.58
Overall	11.44	4.85	12.34	3.65	0.65

Variables	Middle Level of Management				
	X_1		X_2		‘t’ Value
	Mean	SD	Mean	SD	
Autocratic Leadership	11.41	4.51	12.75	3.66	1.68
Participative Leadership	11.91	3.25	11.00	4.55	1.96
Developmental Leadership	10.78	3.62	12.32	4.12	1.87
Transformational	13.58	3.49	13.13	5.79	1.42
Overall	11.90	2.77	12.35	4.60	1.84

Variables	Higher Level of Management				
	X ₁		X ₂		‘t’
	Mean	SD	Mean	SD	Value
Autocratic Leadership	13.81	3.57	13.20	2.72	1.65
Participative Leadership	14.26	2.67	13.00	3.28	2.20
Developmental	13.65	3.53	13.20	2.72	1.42
Transformational	17.09	2.44	15.40	3.44	1.43
Overall	14.85	3.12	13.95	3.41	1.85

Variables	Population as a Whole				
	X ₁		X ₂		‘t’
	Mean	SD	Mean	SD	Value
LOH					
Autocratic Leadership	11.25	4.60	12.27	3.15	2.63
Participative Leadership	11.31	4.63	11.72	3.91	1.00
Developmental	10.81	4.38	11.88	3.81	2.47
Transformational	13.21	4.55	13.86	4.86	1.44
Overall	11.65	4.55	12.42	3.96	1.59

Qualification Based Analysis

Table 2 depicts the mean value along with SD and ‘T’ values of effective leadership style of managers on overall as well as factor wise basis according to the qualification of the managers working in SOEs and PEs. The qualification has been categorised as secondary education, higher studies, professional studies and population as a whole. The mean values and ‘T’ values of leadership styles on the overall basis for the three categories of managers and population as a whole in SOEs and PEs respectively are, X₁ = 11.01, X₂ = 12.86 (T=2.37); X₁ = 12.58, X₂ = 12.80 (T=1.98); X₁ = 11.60, X₂ = 11.65 (T= 0.07) and X₁ = 12.07, X₂ = 12.57 (T=1.22). This reveals that the two sectors differ significantly regarding all leadership styles of managers with secondary education and higher studies. But the two sectors do not differ significantly with regard to managers with professional qualifications. Calculated ‘T’ values and mean-scores indicate that the leadership style of managers with higher studies and professional studies in PEs and leadership style of managers with professional qualifications in SOEs are acceptable. Leadership style of managers with secondary and higher level studies in SOEs and managers with secondary educational qualifications in PEs are not acceptable.

* X₁= Mean score of SOEs, * X₂ = Mean score of PEs

Table 2: Comparison of SOEs and PEs regarding Leadership style of Managers on overall as well as Factor-wise basis according to Qualification (Mean and Standard Deviation along with ‘t’ values)

Variables	Secondary Education				
	X ₁		X ₂		t'
	Mean	SD	Mean	SD	Value
Autocratic	10.27	3.96	12.5	1.71	4.84
Participative	10.66	4.16	11.92	3.06	1.86
Developmental	10.77	3.82	11.05	3.87	1.26
Transformational	11.32	3.67	15.01	2.96	3.92
Overall	11.01	3.17	12.86	2.45	2.37

Variables	Higher Studies				
	X ₁		X ₂		t'
	Mean	SD	Mean	SD	Value
Autocratic	12.35	3.97	11.79	3.07	1.79
Participative	12.08	4.24	13.04	3.47	1.98
Developmental	11.71	3.72	12.37	2.21	2.18
Transformational	14.18	3.07	14.00	2.77	1.27
Overall	12.58	3.01	12.8	2.39	1.98

Variables	Professional Studies				
	X ₁		X ₂		t'
	Mean	SD	Mean	SD	Value
Autocratic	11.79	3.84	13.01	3.61	2.0
Participative	12.27	3.87	10.78	4.45	1.94
Developmental	11.41	3.13	11.92	3.17	0.68
Transformational	14.11	2.93	13.71	3.69	0.49
Overall	11.60	2.94	11.65	3.05	0.07

Variables	Population as a Whole				t'
	X ₁		X ₂		
	Mean	SD	Mean	SD	Value
LOQ					
Autocratic	11.57	4.05	12.47	3.31	2.5
Participative	11.73	4.18	11.83	4.03	0.22
Developmental	11.35	2.91	11.87	3.84	1.24
Transformational	13.62	3.33	14.09	3.37	0.94
Overall	12.07	3.11	12.57	2.7	1.22

Experience Based Analysis

Table 3 exhibits the mean score values along with SD and ‘T’ values of leadership styles of managers on overall as well as factor wise basis according to the length of experience of the managers working in SOEs and PEs viz; low experienced, mediocre experienced, high experienced managers and all managers (population as a whole). The mean values along with ‘T’ values of effective leadership styles of managers on overall basis for the three groups of managers and population as a whole in two sectors (SOEs and PEs) respectively are, X₁ = 11.50, X₂ = 11.09 (T-2.53); X₁ = 12.67, X₂ = 12.39 (T-2.31); X₁ = 11.50, X₂ = 12.50 (T- 1.59) and X₁ = 11.26, X₂ = 11.48 (T-0.49). This proves that two sectors do not differ significantly regarding autocratic and developmental leadership style of higher experienced managers. However, they differ significantly with regard to participative and transformational leadership style of higher experienced managers. In fact, two sectors differ significantly with regard to all types of leadership styles of managers with low and mediocre experiences.

Calculated ‘T’ values and mean indicate that autocratic and developmental leadership style of higher experienced managers in SOEs and PEs are acceptable. Participative and transformational leadership style of all managers in SOEs and all leadership style of managers with low and mediocre experiences in PEs are not acceptable.

X₁ = Mean score of SOEs, * X₂ = Mean score of PEs

Table 3: Comparison of SOEs and PEs regarding Leadership Style of Managers on overall as well as factor-wise basis according to level of Experience (Mean and Standard Deviation along with ‘t’ values)

Variables	Low Experienced Managers				t'
	X ₁		X ₂		
	Mean	SD	Mean	SD	Value
Autocratic	10.92	3.0	10.82	2.09	2.52
Participative	10.61	3.19	9.76	2.53	2.65
Developmental	10.78	2.63	10.06	2.78	2.38
Transformational	12.68	3.22	10.71	3.83	1.98
Overall	11.50	3.02	11.09	2.88	2.53

Variables	Mediocre Experienced Managers				
	X ₁		X ₂		t'
LOQ	Mean	SD	Mean	SD	Value
Autocratic	11.92	3.06	11.92	2.69	1.98
Participative	11.50	2.84	11.92	2.69	2.76
Developmental	110.95	2.64	11.85	3.52	2.10
Transformational	12.34	3.23	12.85	3.47	2.44
Overall	12.67	2.95	12.39	3.18	2.31

Variables	High Experienced Managers				
	X ₁		X ₂		t'
LOQ	Mean	SD	Mean	SD	Value
Autocratic	12.23	3.82	12.52	3.27	0.35
Participative	12.21	2.68	12.18	3.88	2.36
Developmental	11.61	2.97	11.56	2.27	0.57
Transformational	12.95	3.07	15.14	4.42	2.75
Overall	11.50	2.88	12.50	2.75	1.59

Variables	Population as a whole				
	X ₁		X ₂		t'
LOQ	Mean	SD	Mean	SD	Value
Autocratic	11.7	3.01	12.11	2.41	1.14
Participative	12.15	2.29	11.76	3.16	0.91
Developmental	11.48	2.69	11.87	2.71	0.95
Transformational	13.71	3.26	12.16	4.45	0.78
Overall	11.26	2.99	11.48	3.05	0.49

Correlation between Leadership Styles and Performance and Satisfaction

An attempt was made to find out the correlation between leadership style of managers and performance and satisfaction of managers and followers viz., leaders' performance, followers' performance, leaders' satisfaction and followers' satisfaction. The coefficient of correlation (r - value) has been calculated to identify the degree of correlation between leadership style and performance and satisfaction of leaders and followers. The 'T' test has been used to verify whether leadership style of managers and performance and satisfaction of leaders and followers are significantly correlated in the population or not. Table 4

presents correlation matrix of leadership styles with performance and satisfaction of leaders and followers in SOEs.

Table 4: Correlation Matrix along with 'T' values (in brackets) for Performance and Satisfaction in SOEs

Variables		V1	V2	V3	V4	V5
V1	Leader Performance	–	0.34** (0.75)	0.25 (0.77)	0.27* (0.87)	0.10 (0.32)
V2	Follower Performance	–	–	0.01 (0.04)	0.28 (0.65)	(0.12) (0.01)
V3	Leader Satisfaction	–	–	–	0.27* (1.05)	0.10 (0.32)
V4	Follower Satisfaction	–	–	–	–	0.15 (0.12)
V5	Leadership Style	–	–	–	–	–

Note: * Significant at 5% level, **Significant at 1% level, V- Variables

It is observed from Table-4 that the correlations between leadership style and performance and satisfaction of leaders and followers are positive, but insignificant in SOEs. Similarly, the correlations among the followers and leader performance and satisfaction are also positive in SOEs, but insignificant as per 'T' values. It indicates that the practice of a particular type of leadership style did not result in significant outcome. In other words, it indicates that the type of leadership style assumed by managers did not result in significant performance and satisfaction by followers and leaders in SOEs.

Table 5 depicts correlation matrix with 'T' values leadership styles with performance and satisfaction of leaders and followers in PEs.

Table 5: Correlation Matrix along with 'T' values (in brackets) for Performance and Satisfaction in PEs

Variables		V1	V2	V3	V4	V5
V1	Leader Performance	–	0.65 (0.72)	0.68 (1.24)	0.65 (0.77)	0.73 (1.76)
V2	Follower Performance	–	–	0.69 (1.23)	0.75** (5.32)	0.72 (1.81)
V3	Leader Satisfaction	–	–	–	0.66* (2.03)	0.73 (4.31)
V4	Follower Satisfaction	–	–	–	–	0.73 (2.55)
V5	Leadership Style	–	–	–	–	–

Note: * Significant at 5% level, ** Significant at 1 % level, V – Variables

It is observed from Table 5 that the correlations between leadership style and each of the performance and satisfaction of followers and leaders are positive and moderate in PEs. Similarly, correlation among the performance and satisfaction of leaders and followers are also positive and moderate. It indicates that the type of leadership style assumed by managers resulted in positive and moderate performance and satisfaction of followers and leaders in PEs.

Conclusion

On the basis of above analysis and results, it is inferred that the leadership style of managers working in SOEs and PEs differ significantly as categorized into hierarchy, qualification and experience basis. This is also true regarding various leadership styles viz. autocratic, participative, developmental and transformational. However, two leadership styles viz., autocratic and developmental styles of higher experienced managers are found to be the same in SOEs and PEs. The performance of leaders in PEs is better than that of SOEs with regard to other two types of leadership styles. Therefore, the managers of SOEs should improve their participative and transformational styles, so that the performance and satisfaction can be strengthened in the SOEs. The correlation analysis reveals that leadership styles of managers are not significantly correlated with performance and satisfaction in the case of SOEs, even though they are positively correlated. However, they are positively and moderately correlated in PEs.

The analysis indicates that the leadership style of managers in SOEs, at all levels of management and that of lower level managers in PEs have not been in tune with the desired performance and satisfaction levels. This trend in turn would hamper performance and satisfaction phenomenally at all levels of management in SOEs and at lower levels in PEs. Therefore, it is suggested that the SOEs should train, educate and enable managers at all levels to use participative, developmental and transformational leadership styles whenever situations warrant. Further, it is suggested that the PEs should educate and train the lower level managers with regard to appropriate leadership styles.

It is further observed that the higher-experienced managers acquired necessary skills and aptitude with regard to autocratic and developmental styles. This trend might be due to their experience-based learning and acquisition of skills. It is suggested that the higher-level managers in SOEs should be enabled to acquire necessary skills with regard to participative and transformational styles through education and training. Mediocre experience and low experience managers in SOEs fail to contribute to performance and satisfaction, as they do not assume appropriate leadership styles. Therefore, it is suggested that managers at mediocre experience and low experience in SOEs should be extensively trained in all types of leadership styles.

It is felt that leadership styles of managers in SOEs have not been contributing significantly to performance and satisfaction enhancement. Therefore, it is suggested that the management of SOEs should train the managers in leadership styles in addition to restructuring their organizations to empower managers to assume appropriate leadership styles.

However, the leadership styles of managers in PEs have been contributing moderately to performance and satisfaction of followers and leaders. Therefore, it is suggested that PEs should further educate and train their managers in assuming appropriate leadership styles by understanding the followers and situational requirements in order to further improve the performance and satisfaction levels of employees and the organizational performance.

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