Effects of Leadership Styles on Employee Performance: A study of Georgia

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Abstract

Recent empirical analysis suggests that individual leaders can have large impacts on performance. Leaders have strongest effects, where they appear to substantially influence both organizational growth and development. These findings call for increased focus on performance and the means of leadership style selection, among other issues. Main problem of this research study is that the particular leadership style and its impact on employee performance were not conclusive in Georgian Oil and Gas Corporation. It was aimed to conclude the style of leadership and its impact on employee performance in Georgian energy sector. A survey study was conducted at Georgian Oil and Gas Corporation (GOCG) using a sample of 201 employees, which were drawn from a population of 396 employees. The objective of this research is to empirically identify the effects of leadership style on the performance of employees Georgian Oil and Gas Corporation. In pursuance of these objectives, four key research questions were raised and four null hypotheses which explained the relationships among the variables in the study were formulated. The statistical tools used in the analysis were frequency, correlation coefficient, regression analysis, and one-way ANOVA (analysis of variance). The results suggest that, participative decision making positively related with the job quality, while supportive communication positively and significantly related with the motivation. Additionally, delegation variable positively related with employee satisfaction. Finally, helping subordinate's variable positively and significantly related with employee's loyalty. Consequently, it is recommended that, employees should be involved in decision making to create a sense of belonging and to increase job quality. This research thus, suggests a new paradigm in which the study of leadership style can be based in Caucasia setting in order to create effective and viable organizations.

Keywords: Performance, Leaders Organizational Growth and Development, Georgia.

INTRODUCTION

Leadership styles and their impact on the employee performance have been the subject matter and core issue of many researchers. Leadership style is defined as one of the most significant human resource-related outcomes, and most deliberated topic in management and industrial psychology. This is probably so because leadership happens to be the core but sometimes controversial subject matter in organizational research (Puni, Ofei, & Okone, 2014).

The kind of leadership style exhibited by managers to a large extent influences organizational valued outcome such as low employee turnover, reduced absenteeism, customer satisfaction, and organizational effectiveness. Similarly, leadership style controls reward and punishment that shapes employee behaviour, motivation and attitude.

According to Fiedler (1996), a key issue in leadership achievement is the individual's basic leadership style. Fiedler (1996) assumes that an individual's leadership style is fixed. It can either lead to inspiration or disenchantment among employees resulting in increase or decrease productivity (Sander, 2007).

The main problem in this research study is that, there is still controversy as to which leadership style produces the best result in terms of employee motivation and consequently performance. This work attempts to identify the leadership style in a state-owned organization, Georgian Oil and Gas

Corporation (GOGC). Once the leadership identified its effects on employee performance is the estimate goal of this research to enable a proper conclusion to drawn.

In view of this, the following research questions were postulated by the study: what is the impact of leadership styles on employee performance for energy sector in Georgia? The objective of this research study is to examine the effects of leadership style on employee performance in Georgia.

1. Literature Review

1.1. Leadership Styles

Leadership style can be described with different dimensions and possible ways, such as dictatorial, unitary, bureaucratic, benevolent, charismatic, consultative, participative and dictatorial. It is useful to have a broad framework in which to focus attention and study. The style of managerial leadership towards subordinate staff and the focus of power can therefore be considered within a simplified three-fold heading (Mullins, 2010).

Lewin (1939) were able to place the behavioral styles of leaders into one or other of three categories, each of which had identifiable effects on followers (Rollinson, 2008). According to Mullin's definition, leadership style is the way in which the functions of leadership are carried out, the way in which the manager typically behaves towards members of the group (Mullins, 2010). The researchers examined the effects of different leadership styles on subordinates' perceptions of these outcomes and, since the conclusions and assumptions are slightly different, it is convenient to describe each study in turn (Rollinson, 2010).

According to Fidler (2008), a key factor in leadership success is the individual's basic leadership style. Fiedler assumes that an individual's leadership style is fixed. As we will show, this is important because it means that if a situation requires a task-oriented leader and the person in that leadership position is relationship-oriented, either the situation has to be modified or the leader replaced if optimal effectiveness is to be achieved (Robinson, 2008).

Today's competitive organizations demand leadership. Leadership is about behavior first and skills second. Strategic leaders have a vision, are able to influence followers, and are able to transform their vision into action. It all comes back to promoting positive expectations and having those expectations realized (Nafei, Khanfar, & Kaifi, 2012). Leaders believe in change, energize organizations to innovate continuously, recognize the need for synergy, and emphasize the importance of unity and collaboration.

The term leadership means different things to different people. Leadership is both similar and different from management. Management relies more on planning, organizing, and controlling outcomes. There are many connections between leadership and management. As a matter of fact, one major function of a manager is to lead and one major function of a leader is to be able to transform his or her vision into action. Both a manager and a leader must focus on the purpose of the organization, the people within the organization, the plan of the organization, and the priorities of the organization (Nafei, Khanfar & Kaifi, 2012).

According to Jago (1982), "Leadership is expressed or displayed through interaction between people and necessarily implies its complement, followership. Leadership has been described as a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task (Chemers, 1997). Leadership is "organizing a group of people to achieve a common goal" (Locke, 1991).

To facilitate successful performance, it is important to understand and accurately measure leadership performance.

1.2. Authoritarian Leadership Style

Authoritarian leaders made all the major decisions and exerted a high degree of control (Rollinson, 2008). In this style, focus of power is with the manager. All interactions within the group move towards the manager. The manager alone exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationships, control of rewards or punishments (Mullins, 2010).

Authoritarian leaders are commonly referred to as autocratic leaders. They provide clear expectations for what needs to be done, when it should be done, and how it should be done. There is also a clear divide between the leader and the followers (Kendra, 2012). Authoritarian leaders are usually rigid in their thinking and perceptions. They believe that employees have minimal abilities and capabilities and need close supervision and direction, and that controls are needed to assure their compliant behavior. The authoritarian leaders believe their style is highly efficient. Unfortunately, this style of leadership results in minimal or no innovation, and virtually no personal organizational change, growth and development. Cooperation, commitment and achievement are stifled (Goodnight, 2011).

Authoritarian leadership typically fosters little creativity in decision-making. Lewin also found that it is more difficult to move from an authoritarian style to a democratic style than from a democratic form to an authoritarian form of leadership. Abuse of this style is usually viewed as controlling, bossy and dictatorial. Authoritarian leadership is best applied to situations where there is little time for group discussion (Kendra, 2012).

Authoritarian leaders make decisions independently with little or no input from the rest of the group. Authoritarian leaders uphold stringent control over their followers by directly regulating rules, methodologies, and actions. Authoritarian leaders construct gaps and build distance between themselves and their followers with the intention of stressing role distinctions (Hackman & Johnson, 2004). This type of leadership dates back to the earliest tribes and empires. It is often used in present day when there is little room for error, such as construction jobs or manufacturing jobs. Autocratic leaders retain for themselves the decision-making rights. They can damage an organization irreparably as they force their 'followers' to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like.

Hayers (2000) found that workers who feel under pressure reported autocratic supervision on the part of their leaders. The leaders rarely allowed them to participate in the decision making. It was also reported that workers who were under stress also reported harsh supervision and control on the part of their leaders (Hayers, 2000).

The availability of social support, both on and off the job, is a crucial determinant of organizational stress (Cohen & Spector, 2001). Apparently, the presence of social support helps reduce the outcome of stress by serving buffer against stressful event that occur at work (Landsbergis et. al 1992). Gender role also affects job tension. Strong feeling of community increases the flow of information among workers (Bruffee, 1993; and Dede, 1996).

1.3. Laissez-faire Leadership Style

Laissez-faire leaders had a stronger tendency to abdicate from the leader role. The manager observes that members of the group are working well on their own. The manager consciously makes a decision to pass the focus of power to members, to allow them freedom of action 'to do as they think best', and not to interfere; but is readily available if help is needed.

There is often confusion over this style of leadership behavior. The manager just lets members of the group get on with the work in hand. Members are left to face decisions that rightly belong with the

manager. This is more a non-style of leadership or it could perhaps be labeled as abdication (Mullins, 2010).

Although they did not make decisions for followers, or exercise control, this was not because of a conscious desire to delegate or stimulate participation, but simply because they had little desire to provide leadership. Thus, unless followers were competent and self-motivated, they opted out trying to complete tasks and looked for their satisfactions in social side of group life. This was by far the least effective style in terms of getting tasks completed (Rollinson, 2008).

The laissez-faire style is sometimes described as a "hands off" leadership style because the leader delegates the tasks to their followers while providing little or no direction to the followers (Hackman & Johnson, 2004). If the leader withdraws too much from their followers it can sometimes result in a lack of productivity, cohesiveness, and satisfaction (Hackman & Johnson, 2004). The laissez-faire leader using guided freedom provides the followers with all materials necessary to accomplish their goals, but does not directly participate in decision making unless the followers request their assistance (Schultz & Schultz, 1998).

Laissez-faire leaders allow followers to have complete freedom to make decisions concerning the completion of their work. It allows followers a high degree of autonomy and self-rule, while at the same time offering guidance and support when requested. The laissez-faire leader using guided freedom provides the followers with all materials necessary to accomplish their goals, but does not directly participate in decision making unless the followers request their assistance (Martindale, 2011).

Laissez-faire Leadership however, is a common, but unrealistic and immature way to encounter rapidly growing quality, innovation and effectiveness demands. Those leaders are inclined to delegate responsibility and authority, not in order to empower but to escape their own responsibility. This abdication from leadership is disempowering, effecting leadership behavior of change, relation and production negatively (Frischer, 2006).

Lewin et.al. (1939) saw laissez-faire leadership as being descriptive of leaders who avoid attempting to influence their subordinates and who shirk their supervisory duties. Such leaders instill no confidence in their ability to supervise. They bury themselves in paperwork; avoid situations that preclude any possibility of confrontation.

1.4. Democratic Leadership Style

It involves followers in decisions and delegated much more responsibility to the group (Rollinson, 2008). The focus of power is more with the group as a whole and there is greater interaction within the group. The leadership functions are shared with members of the group and the manager is more part of a team. The group members have a greater say in decision-making, determination of policy, implementation of systems and procedures (Mullins, 2010). This was said to lead to higher-quality decisions, a much stronger team spirit, commitment to implementing decisions and satisfaction among followers (Rollinson, 2008).

Democratic leadership can lead to better ideas and more creative solutions to problems. Group members also feel more involved and committed to projects. The democratic leadership style is a very open and collegial style of running a team (Woods, 2010).

However, the democratic style of leadership still requires guidance and control by a specific leader. The democratic style demands the leader to make decisions on who should be called upon within the group and who is given the right to participate in, make and vote on decisions (Woods, 2010). The democratic leadership style consists of the leader sharing the decision-making abilities with group members by promoting the interests of the group members and by practicing social equality (Foster, 2002).

Tannenbanum and Schmidt (1958), describe democratic leadership as one where decision-making is decentralized and shared by subordinates. The potential for poor decision-making and weak execution is, however, significant here. 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. That is rarely the case.

The democratic leadership style is also known as the "participative" leadership style because it depends on employee participation. The goal of a democratic leader is to foster employee investment in the organization by investing workers in their role in the company. According to Terry (2010) this type of leader encourages employees to set workable goals and recognizes their achievements. They develop plans with their employees to help them evaluate their own performances, and push their employees to grow on the job, while supporting them in their promotions and advancements. This style of leadership is ideal for a leader who wishes to keep employees informed about matters that may affect them, and who want employees to participate in problem solving and decision making. It is for leaders who want to provide continual opportunities for their followers to develop a sense of personal growth and job satisfaction and for leaders who would like to encourage collaboration and team building.

Democratic leadership works well for leaders who value flexibility and adaptation. Democracy in leadership is often most effective when a leader is working with highly skilled or experienced workers. It allows the leader to capitalize on their employees' individual talents and strengths, while also benefiting from the power of the whole. It is best employed in cases where the department or business is looking to implement operational changes or when a leader or manager is attempting to resolve problems either individually or within the group (Terry, 2010).

Democratic leadership can produce high quality and high quantity work for long periods of time. Many employees like the trust they receive and respond with cooperation, team spirit, and high morale. Typically, the democratic leader: develops plans to help employees evaluate their own performance, allows employees to establish goals, encourages employees to grow on the job and be promoted, recognizes and encourages achievement. Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems (Foster, 2002).

The democratic leadership style is most effective when: The leader wants to keep employees informed about matters that affect them. The leader wants employees to share in decision-making and problem-solving duties. The leader wants to provide opportunities for employees to develop a high sense of personal growth and job satisfaction. There is a large or complex problem that requires lots of input to solve (Schmidt & Hunter, 1998).

Changes must be made or problems solved that affect employees or groups of employees. Democratic leadership should not be used when: there is not enough time to get everyone's input. It's easier and more cost-effective for the manager to make the decision. The business can't afford mistakes. The manager feels threatened by this type of leadership. Employee safety is a critical concern (Woods, 2010).

1.5. Employee Performance

The main point of individual performance stated in all these definitions is positive behaviors of employees. For example, it is defined by Williams and Andersons as employees' achievement level in his/her responsibilities and duties assigned in the work (Williams, & Anderson, 1991) and in Campbell's definition performance is attitudes or behaviors of employees related with the organization's objectives and success (Campbell, 1990).

The concept of performance has two subcategories which are task and contextual performance (Motowidlo, & Borman, 1997). Even though these terms look similar, they are literally different

concepts. Task performance is the effectiveness of an employee while he/she is conducting his/her assigned duties or routine job (Motowidlo, & Borman, 1997). These are similar statements as in the definition of in role performance which will be focused on in this study.

The contextual performance is behaviors of performing extra contributions in the favor of the organization which he/she is not directly obliged to do such as eagerness to help coworkers, obeying and not questioning organizational rules and regulations, and diligence (Motowidlo, & Borman, 1997). The difference between these two concepts is the contextual behaviors are similar in almost all job conditions but, tasks may change depending on conditions in the job. Also, Contextual performance is willingness and discretion-based behaviors but, task performance is requirement-based behaviors in the work environment (Johnson, 2001). Although, these two concepts are different than each other, researches show that they are highly correlated with each other. Some of the researches have mentioned that employees who have high level of task performance have also high level of contextual performance. Therefore, it is obvious that these are two different concepts but they have relations between each other (Motowidlo, & Bormon, 1997).

This study will specifically focus on employees' performance. They are behaviors of performing extra contributions in the favor of the organization, and obeying and not questioning organizational rules and regulations (Obiwuru, Okwu, Akpa, & Nwankwere, 2011). Employee performance can be used to view how an enterprise is doing in terms of level of loyalty, motivation, satisfaction, and investment on the employees. 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 (Obiwuru, Okwu, Akpa, & Nwankwere, 2011).

Performance described in a broad term coined by Daniels (1970) to describe a technology (i.e. science imbedded in applications methods) for managing both behavior and results. It may be possible to get all employees to reconcile personal goals with organizational goals and increase productivity and profitability of an organization using this process (Zaffron, Logan, Steve, & David, 2009). Job performance generally refers to behavior that is expected to contribute to organizational success (Campbell, 1990). This model describes high motivation, loyalty, commitment, professional knowledge, and value adding.

On the other hand, 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 (Obiwuru, Okwu, Akpa, & Nwankwere, 2011). Organizational performance can be used to view how an enterprise is doing in terms of sales volume (market share), volume of products, cost increase, organizational cohesiveness, investment, customer demand, loyalty, motivation, satisfaction, and investment on the employees. 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 (Obiwuru, Okwu, Akpa, & Nwankwere, 2011). Specifically, the impact of leadership style on organizational performance, in oil and gas transportation, for a strategically important region, came in to question so far.

The literature offers different approaches to understanding and assessing employees' performance. Though researchers have different perceptions, most agree that no single metric exists for how well individuals perform (Sahin, 2007). Campbell (1990) allows for exceptions when defining performance as behavior. For instance, he clarifies that performance does not have to be directly observable actions of an individual. It can consist of mental productions such as answers or decisions. However, performance needs to be under the individual's control, regardless of whether the performance of interest is mental or behavioral.

The difference between individual controlled action and outcomes is best conveyed through an example. On a sales job, a favourable outcome is a certain level of revenue generated through the

sale of something (merchandise, some service, <u>insurance</u>). Revenue can be generated or not, depending on the behaviour of employees (Campell, 1990). When the employee performs this sales job well, he is able to move more merchandise. However, certain factors other than employees' behaviour influence revenue generated. For example, sales might slump due to economic conditions, changes in customer preferences, production bottlenecks, etc. In these conditions, employee performance can be adequate, yet sales can still be low. The first is performance and the second is the effectiveness of that performance. These two can be decoupled because performance is not the same as effectiveness (Campell, 1970).

Another closely related construct is <u>productivity</u>. This can be thought of as a comparison of the amount of effectiveness that results from a certain level of cost associated with that effectiveness. In other words, effectiveness is the ratio of outputs to inputs-those inputs being effort, monetary costs, resources, etc. Utility is another related construct which is defined as the value of a particular level of performance, effectiveness, or productivity. Utilities of performance, effectiveness, and productivity are value judgments (Campell, 1988).

1.6. The Effects of Leadership Style on Performance

In today's ever-changing climate, there are some researchers whose findings suggest the optimal leadership style may be a blend of different leadership styles. The use of the correct and appropriate leadership style in all fields has long been a topic of discussion and debate by both scholars as well as practitioners. The desire to develop better leadership styles is becoming a matter of increasing importance in the public and private sectors (Bruns & Shuman, 1988). In addition, it is further assumed leadership style and performance have some degree of positive correlation and they are linked in some fashion (Duncan, 2007).

What leadership style should law enforcement leaders employ to maximize followers' job performance? There are pros and cons associated with each style.

The appropriate style of leadership for departments would differ depending on the agency's organizational goals (Engel, 2001). Densten (1999) asserts that to meet the demands of modern organizations, the managers must implement more humanistic and principle-based styles of leadership. Bass, Avolio, Jung and Berson (2003) reported previous research has shown contingent reward style of leadership to be positively related to followers' commitment, satisfaction, and performance. There is some evidence in different studies that a blend of leadership may be the style of leadership to be examined further to optimize employee's job performance (Duncan, 2007).

An important factor in the leadership process is the relationship that a leader has with individual followers.

Leadership styles can either motivate or discourage employees which in return can cause employee's increase or decrease in their level of performance. According to Sanders (2007), the sources of employee job dissatisfaction include inadequate salary, conflicting job demands (from the leadership) and absence of promotion prospects.

Currently leadership is widely recognized, and verified through research. Leadership development can be imparted through experiential learning, vicarious learning and transformational learning and it is imparted as leaders can influence the people and motivate them (Popper, 2005). Leadership is the main factor that determines and shape group behavior. When it is correctly applied, each employee enjoys a feeling of strong commitment towards achieving organizational goals. Regardless of equality of its members, every group will tend to have a system in which it will have a leader (Emhan, 2012).

Kallio (2000) put it clear that there is a close relationship between leaders' expectation and the resulting performance of subordinates. He further explains that if leaders' expectations are high,

productivity is likely to be high. The extent to which members of an organization contribute in harnessing the resources of the organization equally depends on how well the managers (leaders) of the organization understand and adopt appropriate leadership style in performing their roles as managers and leaders. Thus, efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends, to a large extent, on leadership style, among other factors. In other words, ability of management to execute "collaborated effort" depends on leadership capability. Studies have suggested that effective leadership behaviors can facilitate the improvement of performance when organizations face these new challenges (Teece, Pisano & Shuen, 1997).

Some studies have explored the strategic role of leadership to investigate how to employ leadership paradigms and use leadership behavior to improve organizational performance (Judge, Bono, Ilies, & Gerhardt, 2002).

Previous studies led the expectation that leadership paradigms will have direct effects on customer satisfaction, staff satisfaction, and financial performance. In general, however, the effects of leadership on organizational performance have not been well studied, according to House's review (1997), who criticized leadership studies for focusing excessively on superior-subordinate relationships to the exclusion of several other functions that leaders perform, and to the exclusion of organizational and environmental variables that are crucial to mediate the leadership-performance relationship.

Another problem with existing studies on leadership is that the results depend on the level of analysis. House (1997), distinguished between 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. Jing and Avery (2011), in their study of the missing links in understanding the relationship between leadership and organizational performance conclude that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret.

From this review of related literature, it is evident that although some scholars believe that leadership enhances organizational performance while others contradict this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible.

Theoretical Framework

The theoretical framework of the study is social exchange theory, which was proposed by Smith (1776). Social exchange theory assumptions basically describe the elements effecting the employees' behavior and attitudes in the job (Konovsky & Pugh, 1994). This theory's main assumption is when employees are treated well and rewarded, they develop a feeling of obligation to respond to this treatment in the same way. In other words, if an organization is in a good approach and supportive towards individuals, they respond in the same way (Konovsky & Pugh, 1994; Settoon et al., 1996). The meaning of well treatment of organization is rewarding employees, showing respect to their thoughts and values, being in kindly manner (Brown & Leigh, 1996; Netemeyer, et.al. 1997).

Employees' response in the same way means that individuals who are working in the organization assess the well treatment from organization and they respond to this by developing good behaviors, starting to serve and perform better in the organization. This circular system is called social exchange in the organizations.

The following hypotheses are formulated for this research:

H_1. There is no significant relationship between democratic leadership style and performance

H_2. There is no significant relationship between authoritarian leadership style and performance

H$_3$. There is no significant relationship between laissez-fair leadership style and performance
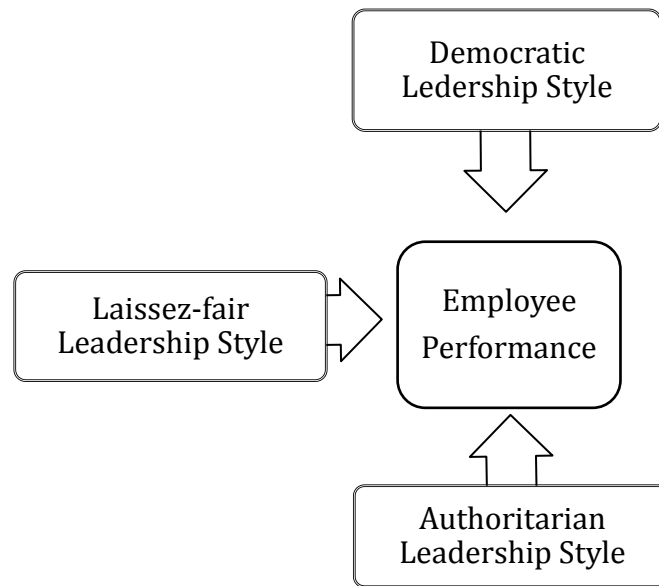

Figure 3. Study Hypothesized Model 1

This hypothesized model is basically a null model where the null hypotheses were formulated using four latent variables discussed in the review of the literature.

In this figure, employees' performance is dependent variable while democratic leadership style, authoritarian leadership style and laissez-faire leadership style variables were established as independent.

2.   Research Methodology

The survey research design was used by using a questionnaire instrument to generate primary data for this study. This design was found suitable for this work, because the data needed for the research will be obtained from primary source.

This study based its population on the number of employees that work in Georgian Oil and Gas Corporation. The population of Georgian Oil and Gas Corporation (GOGC) excluding seasonal workers is 396 employees.

To ensure that the sample represents the whole population of the Georgian Oil and Gas Corporation (GOGC), survey levels will be selected representing each group in Georgia (Top level, Middle level, low level, and employees).   The sample size of one hundred and ninety-nine was derived using Bowley's formula, ($n = N / 1 + Ne^2 = 396 / 1 + 396 * 0.05^2 = 199$) employees will be used with .95 confidence level and .5 margin of error in this study (Nzelibe, 2011).

The samples were randomly selected from staff lists, using random sampling method. The employee lists contain complete contact information on all active employees from which the study sample is derived. Hardcopies of the questionnaire were sent to them by research assistants designated in different cities such as Tbilisi, Batumi, Telavi, and Kutaisi by the researcher.

A total of 230 copies of the questionnaire copies were distributed. 210 copies of questionnaire were retrieved. Nine copies of the questionnaire were excluded because of missing data. A total of 201

copies of questionnaire were used in the analysis of the data. This is expected to represents a response rate of eighty seven percent (% 87). The use of trained researchers to distribute the copies of the questionnaire and face to face interviews with respondents appeared to have pushed up the response rate. As such confidence can be positioned on the result of the analysis of the data for this study.

A weighted scale questionnaire was used to gather the required data in this study. The instrument consisted of 26 items, which were designed to provide data of continuous measures. Discrete data are also derivable. The scale selected for the study consisted of 5-point Likert scale, multi-response questions to measure the variables. The data sought will be of the interval with an assumption of an underlying continuous distribution. Selecting the response category "1" indicates that the respondents "strongly disagree" with the statement on the left end of the scale. But selecting the category "5" indicates that the respondents "strongly agree" with the opposing statement at the other statement of the scale. The category "4" indicates the respondents "agree" with the statement, "3" specify "undecided", and "2" implies "disagree".

This study has four demographic variables: age, education level, occupational rank, and total working year. These demographic variables were selected on the basis of the literature review which demonstrated their influence on levels of democratic leadership style and employees' performance of the study. The distribution of the respondents over the demographic variables is presented in Table 1.

Table 1: Occupational Groups by Age, Education Level, and Total Working Year

Variables	A (20)	B (73)	C (28)	D (80)	Total (Frequency)	(%)	Chi-Square
Age							
Less than 20	4	1	0	0	5	2.5	
21-30	3	9	4	24	40	20	
31-40	5	37	13	29	84	41.5	
41-50	7	21	11	18	57	28.5	99.700*
50 and above	1	5	0	9	15	7.5	
Total	**20**	**73**	**28**	**80**	**201**	**100**	
Education Level							
Primary School	0	2	0	0	2	1	
Secondary School	1	6	0	25	32	16	
Bachelor	7	25	15	33	80	39.5	
Master	11	37	12	14	74	37	47.450*
PhD	1	3	1	8	13	6.5	
Total	**20**	**73**	**28**	**80**	**201**	**100**	
Total Working Year							

0-5	7	9	8	31	55	27	
6-10	3	22	12	25	62	31	
11-15	5	26	3	10	44	22	43.450*
16-20	2	13	3	13	31	15.5	
20 and above	3	3	2	1	9	4.5	
Total	**20**	**73**	**28**	**80**	**201**	**100**	

The Table 1 reveals that the distribution of the respondents in terms of age, 5 respondents relatively young less than 20 is 2.5%, 21-30 years old is 40 respondents with 20%, and the largest group 31-40 years old is 84 respondents with 41.5%, 41-50 years old is 57 with 28.5% and 50 and above is 15 with 7.5 %. Of the 201 respondents, one hundred and sixty-seven respondents had university degree, and seventy-four of them had master degree while thirteen people had PhD. degree. Percentages respectively, primary school is 1%, for secondary school is 16%, for bachelor is 39.5%, for master is 37%, and for Ph.D. is 6.5 %. In terms of respondent's rank, the distribution of the respondent's occupational rank for top level manager is 20 which is 10%, 73 middle level managers are 36.5%, 28 low level managers are 14%, and 80 employees is 39.5% of total respondents. The distribution of the respondents, as to how long the participants had worked in the Georgian Oil and Gas Corporation, respondents were asked to report their experience in one of five categories: 5 years or less, 6-10 years, 11-15 years, 16-20 years, and 21 years or more. Of the total 201 respondents, the largest group, 62 respondents had between six ten years of working, followed by 55 respondents had five years working, 44 respondents had eleven and fifteen years of working, 31 respondents had sixteen and twenty years of working, and 9 respondents had more than twenty years of working. The percentage distributions of these three groups by years of service were 0-5 is 27%, 6-10 is 31%, 11-15 is 22%, 16-20 is 15.5% and 20 and above is 4.5 %.

Table 2: The Reliability (Cronbach's Alpha) Analysis and Distribution (Skewness and Kurtosis) of Study Variables

Variable	Cronbach's Alpha	Skewness & Kurtosis	
Employees' performance	.590	-.416	.642
Democratic Leadership Style	.687	-.467	.609
Authoritarian Leadership Style	.601	-.362	.106
Laissez-faire Leadership Style	.515	-1.16	2.0

The Cronbach's Alpha score for employees' performance was found 0.59. Skewness and Kurtosis scores are between -1 and +1 again indicating that the distribution is normal. Consequently, Cronbach's Alpha scores are respectively, Democratic Leadership Style: 0.68, Authoritarian Leadership Style: 0.60 and Laissez-faire Leadership Style: 0.51.

Regression Analysis

Table 3 demonstrates the relationship between variables. Regression analysis was chosen for the estimation of the coefficients, involving independent variables that best predict the value of the dependent variable (employees' performance).

Table 3: Regression Analysis of Variables

Dependent Variable	R^2	Independent Variable	B	β	*t*	p	VIF's
Employees' Performance	**0.11**	Democratic Leadership Style	.339	.073	1.02	.305	1.111
		Authoritarian Leadership Style	-1.27	-.272	-3.60	.000	1.251
		Laissez-faire Leadership Style	.459	.113	1.45	.149	1.324

As presented in Table 3 participative decision making, supportive communication, delegation and helping subordinates explained 11% total variance of employee's performance.

Correlation analysis table demonstrates the correlation between the variables.

Table 4: Correlation Analysis of the Variables

Variables	1	2	3	4
1. Democratic Leadership Style	1.000			
2. Authoritarian Leadership Style	.283**	1.000		
3. Laissez-fair Leadership Style	-.015	.339**	1.000	
4. Employees' performance	.037	.227**	.105	1.000

There is a significant positive correlation between employee's performance and authoritarian leadership style (p<0.01).

Moreover, employees' performance positively correlates with democratic leadership style.

Finally, laissez-fair leadership style negatively correlates with employee's performance.

DISCUSSION

In this study, finding of some demographic variables and their relationships with employees' performance, Authoritarian, laissez faire and democratic leadership style is presented below.
21-30 years old respondents indicated fewer decision-making scores according to other groups while 41-50 years old respondents indicated highest decision-making scores (F:3.46, p<0.05). It can be interpreted from this result that; department heads and other officers can give their ideas for

improvement through continuous improvement proposals as well as weekly coordination meetings for younger employees. Similarly, Younger employees indicated to be part of decision process.

In addition, older employees designated that the management gives opportunity to be part of decision-making process. This open communication allows employees to be a part of company decision-making and participate in the company's success.

Similarly, 31-40 years old respondents indicated lowest helping subordinates scores, while 41-50 years indicated highest scores for helping subordinates (F:3.99, p<0.05). This result demonstrates that, older employees indicated that they are more competent than other groups based on their age and life experience. Important means of assisting employees in understanding performance expectations and enhancing competencies are essential for younger employees. Younger employees are indicating that they need more assistance on enhancing competencies. Older employees have more loyalty, satisfaction and motivation while, younger employees feel that the organization invests less on them and add less value. In contrast, younger employees believe that in complex situations, leaders should let subordinates work problems out on their own, appraise their own work, complete freedom to solve problems. Younger respondents need more assistance and help in their decision making and task completion.

Bachelor holders indicated lowest delegation scores according to other education levels while Ph.D. holders indicated highest delegation scores (F: 5.68, p<0.05). Additionally, Ph.D. holders indicated highest performance scores according to other education levels (F: 3.03, p<0.05).

It can be interpreted from this findings that, improving employees' performance begins by assisting and helping the employees to grow personally and professionally. Also, expectations and performance perception of more educated employees are different from less educated people. Once, education levels increase, the performance perceptions of the employees increase too (Bozeman & Feeney, 2007).

Employees indicated more helping subordinates scores according to top level managers (F: 2.68, p<0.05). A combination of practical and theoretical knowledge, cognitive skills, behavior and values improve performance; or as the state or quality of being adequately or well qualified, having the ability to perform a specific role. Employee's belief of helping subordinates is that practical and theoretical knowledge and skills should be always increased by the management to include an increased performance (Robinson, 2009). Finally, top level management typically expects from the employees to add more value to the organization.

Management of Georgian Oil and gas Corporation should meet up naturally the requirements of human beings in the organization.

6-10 years working experienced respondents have highest decision-making scores according to others (F: 3.32, p<0.05). Less working experienced employees feels that, employees are and should be part of the decision-making process. As the time passes and the employees get more experience in the organization employee involvement in decision making creates a sense of belonging among the workers and both the management and the workers voluntarily contribute to healthy organizational relations in Georgian Oil and Gas Corporation (Kahneman & Tversky, 2000).

3. CONCLUSIONS

From the findings of the study, it can be concluded that, this study has investigated the effect of leadership style on organizational performance in Georgian Oil and Gas Corporation. The results of this study revealed that there is strong relationship between leadership style and employee performance. On the basis of the findings of this study, it can be concluded that leadership style has both positive and negative effect on organizational performance.

Authoritarian leadership style has positive and significant impact on the indices of employee performance.

It is also concluded that democratic leadership style has a positive impact on the employees of Georgian Oil and Gas Corporation.

Finally, laissez-fair leadership style has negative impact on employee's performance.

The present study had a significant value to practitioners and scholars. From academic viewpoint, this study provides insight into the relationship between leadership styles, and employees' performance in Georgian Oil and Gas Corporation, which ought to contribute to the future development of this line of research, particularly in developing countries like Georgia.

Also, the implication of this research work is that it would explore the impact of leadership style on the performance of employees in Georgian Oil and Gas Corporation with special references to Georgian context. This particular industry was chosen because of the rigor employees are made to go through in the industry in the course of meeting the targets of the management. This has affected the performance of the employees.

It is intended to investigate whether employees' performance is related to the leadership style adopted by the management. It is hoped that this study would contribute to the promotion of the existing frontier or boundary between human knowledge and strengthen the relationship between the management/employer and the employee in the oil and gas industry of Georgia.

Suggestions for Further Study

A few directions for future researchers with the aim of understanding the causal processes between leadership style and employees' performance are suggested. This study uses a self-report survey as the primary data source, which makes the study subject to the method variance problem to some extent.

In this study, the employees' performance variable was based on the perceptions of the workers of Georgian Oil and Gas Corporation. Self-reported perceptual performance measures are considered to be biased. Employees and managers perceptions about performance may be deficient in reflecting the actual performance of the organization. Therefore, to improve measurement validity, future studies should combine objective performance data and perceptual data to measure employees' performance. In addition, to overcome possible deficiencies in the measurement, the measurement instrument could be improved.

The concept of leadership style contains various dimensions. In order to explain more deeply how leadership style impacts these different aspects of performance, future research may develop a separate latent variable for each dimension of performance. This articulation may allow researchers to explore how each leadership style dimension affects different aspects of employees' performance.

Finally, deeply examining the dimensions of both leadership style and employee perception of performance, from a comparative perspective, would be an important contribution for leadership style and employee performance literature and a potential topic for future research.

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