THE RELATIONSHIP BETWEEN MANAGEMENT STYLES & EMPLOYEE PERFORMANCE: 7-ELEVEN MALAYSIA HOLDINGS BERHAD AS A CASE STUDY

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Abstract

Management styles and their influence on employee productivity has been an involving research area. This study examines the impact of top management leadership styles on employee performance: A Case Study Of 7-Eleven Malaysia Holdings Berhad among 160 employees and leaders in 7-Eleven of Malaysia. Moreover, in this study, Top Management Styles factors (Democratic Management Style, Laissez-Faire Management Style, Autocratic Management Style, Transformational management style, and Transactional management style) are posited as having an influence on employee’s performance in 7-Eleven of Malaysia. For data analysis and hypothesis testing, Structural Equation Modelling and several statistical methods such as the maximum likelihood estimate and regression technique were utilized to understand the dimensionality of the variables. This study adopted a systematic random sampling to select employees and leader who works in the 7-Eleven of Malaysia to conduct the study. The employees and leaders were selected to answer these questions because of their knowledge and experience involved in this area. The results show that there was a statistically significant relationship between the (Democratic Management Style, Laissez-Faire Management Style, Autocratic Management Style, Transformational management style, and Transactional management style) and Employee Performance.

Keyword: Leadership-Style, Employee Performance, Management-style, Case Study

1. INTRODUCTION

Leadership refers to a process of the social influx in which an individual may seek help and support from others in achieving a joint objective. It requires the application of one position and the ability to influence others in a way that results in business and contributes to the overall success of an organization. True leadership is derived from honesty, power, and congruence. Effective management involves team coordination and relationship management and motivates the team to accomplish a clear objective. Leading often represents the ability of a person to look, influence other people to produce results, encourage teamwork and become a model. It is important to note that an individual in the official leadership role does not have leadership abilities [1]. Leadership is fundamentally linked to the abilities, skills, and influence of an individual instead of power. Leadership involves the influence process of individuals to ensure they willingly strive towards the accomplishment of the goals and objectives of the organization. Style refers to the approach in which a leader influences his juniors/subordinates. It covers the issuance of clearly fulfilled orders. In general, management involves continuing training, whereby subordinates are given training activities and instructions to aid them in the current situation. It therefore essentially motivates employees to try to live up to the expectations of the manager [2].

The efficiency assessment of an employee or a group of employees is also known as the performance of employees. The productivity assessment can be done in respect of an employee's output in a certain period. In [3], the study defines performance as the quantity and quality of the work that takes account of the cost of the resources that are used. In [4], the study reports that the results are generally the employee's final and exact
results. However, the assessment of employee performance can be challenging, but directly affects an organization’s income [4]. Therefore, it will focus on trying to argue and find out whether top management practices can explain the difference in employee performance. It will involve investigation of whether the introduction of different top management strategies can be a driver for the betterment of employee performance, thus be considered as a competitive advantage [5].

The rest of the paper is organized as follows: Section II is the background of the study, Section III introduces the methodology followed throughout the study, Section IV presents the data collection and the analysis, and Section V concludes the paper.

2. BACKGROUND

Leadership in various companies has a long degree and importance. Its importance has now been understood and has become a global problem. Effective leadership improves the productivity of employees throughout a nation’s economic sectors. In [6], the report states that leadership skills such as interpersonal skills, conceptual skills, and technical skills have an impact on improving employee productivity. This is because it improves employee performance, builds forms of cooperation, develops a motivational source, develops a motivational source, develops a motivational source, develops efficient communication, delegates work my skills, and provide necessary guidance. In [7], the study explains that management influence productivity as follows: Leadership is of great importance to a company’s survival and success. Consequently, with organizational growth and increasing expectations for their performance, demand for good performance is rising. All indications confirm that the relationship between leadership and the performance of employees in an organization appears to be strong [8]. Management is one of the most important aspects of the corporate context and has for many years been subject to study. Over the years, management has been investigated even though no universally accepted definition still exists. For example, according to [9], management involves a widespread process, which calls for authority, responsibility as well as a delegation of power. Managers assist in directing, guiding, and persuading their employees towards the accomplishment of their personal as well as organizational objectives. Therefore, management styles cover all aspects of dealing in and outside of a company, dealing with or handling conflicts, assisting and offering guidance to the workers to accomplish their responsibilities as well as appearing as a role model for everyone [10].

The study, in [11], says management is an individual process by which a person influences others in achieving a goal and leads the business so that it is more consistent and consistent. These are achieved through the use of leadership attributes such as ethics, character, principles, experience, values, and abilities.

Management style refers to the method an administrator utilizes in running an organization including directing, controlling, and all the approaches the leader employs to motivate the junior staff to take their instructions [8]. Management style is the management framework for handling a firm’s operations, thus there is a need for an efficient management style. Various management styles have come up because different managers employ divergent methods in performing their responsibilities.

Different scholars have classified management into different categories. For instance, there are four management styles including exploitative, participative, consultative, and paternalistic management styles [12]. According to [13], there are mechanistic and organic styles of management. Then Effere (2005) made a classification of management styles as democratic, autocratic, paternalistic, participative, laissez-faire and persuasive [14].

2.1. Democratic/Participative Management Style

The democratic style of management is also known as the participatory style because it inspires employees to participate in company decisions [15]. A democratic manager will keep his staff informed of everything that affects their work and will share responsibility for decision-making and problem resolution.

According to [16], the democratic management style has a characteristic of an “I share” philosophy whereby the making of decisions happens within teams, thus every member has equal inputs. In this style of management, the leader is the coach with the final say, but he/she collects information from the workforce before making a decision. The democratic management style can generate high-quality and quantity work for long periods. Several workers like the trust they receive thus
they respond with high morale, cooperation, and team spirit. Participatory management involves all team members who identify key goals and develop strategies or methods for achieving those objectives. Therefore, participatory management ensures that a leader is a facilitator rather than simply placing orders or carrying out tasks. In business environments, home functions, and volunteer organizations this management style can be used. The participatory management style process provides an opportunity to develop the other leaders who will then be able to serve the company. Also, people can demonstrate their creativity and their talents because this style promotes active participation on the part of each member of the team. As a result, it often helps people to improve employee performance.

2.2. Autocratic Management Style

An autocratic style of management takes place where the managers maintain a manager relationship with employees. The autocratic style is the philosophy of "I tell," according to which the leaders tell their workers what to do. However, it can give the company a clear direction, it can also lead executives to underestimate or ignore their teams' input. In certain situations, however, an autocratic management approach is appropriate. It is important, for example, when the organizations face a crisis or when there is an immediate response to an urgent problem [14]. The autocratic leader is concentrated and he wants to conduct a certain mission quickly. An autocratic leader then makes all decisions and assigns the responsibility to his team members. These managers are also the CEOs and are typically self-confident and charismatic. Therefore, autocratic managers would use their role to pursue aggressive and visionary objectives [17]. An autocratic government is primarily useful because it helps to get things to happen quickly. The team will also listen to the manager and know if his conduct is inappropriate. Yet the autocratic government has some drawbacks such that some consider it disruptive conduct of leadership [18]. Particularly any business that depends on the ability of a single person to choose cannot prosper. Several scientists say that the principal explanation for organizational failure is a leading management manager who receives too much authority.

Another disadvantage of autocratic leadership is that it doesn’t permit members of a team to think for themselves thus limiting innovation as well as employee participation. Besides, this management style can create a big distance between the staff and their leader, thus can lead to a low trust level as well as low job satisfaction in the company [18].

2.3. Laissez-faire Management Style

The management style of Laissez-faire is often called a style of delegation, and it occurs when leaders are hand-out and make decisions for their junior workers. According to [19], the concept of this type is highly loose and requires a non-interference policy that gives all staff members' total independence and has no clear means of achieving their objectives. The workforce is individually oriented and supervisors leave the workers to decide for themselves without participation or even an expiry date. Therefore, the leader wants the team to take the correct option. This management style has the advantage of encouraging team members to bond and to make good choices if they are accountable and in charge of their duties [19]. However, the major drawback is that the employees always consider the boss insensitive to the company, even without understanding it, they may make the wrong decision. It can then have negative effects on companies as there is no question that workers have no power and direction [20]. This management style will only work if group members are highly motivated, competent, and willing to work independently without supervision [21].

The type of laissez-faire administration is known as the "hands-off style" but includes giving the manager little or no guidance and giving the employee full independence. The boss empowers the workers and sets out priorities, makes choices, and can handle the problems alone [14]. A laissez-faire boss leaves accountability, postpones decisions, does not provide input, then does nothing to ensure subordinates meet their requirements. The manager operates with the conviction that the workers have freedom of choice, leaving the employees alone to work as they wish [14].

The laissez-faire style of work is based two-fold [22]. The first belief of such a manager is that the workers know their work so it's okay to leave them alone to perform
their tasks. Secondly, the leader practicing this style might be a politician who fears exerting power and control because he/she wants to be re-elected. This kind of manager will offer basic though minimal data and resources and he/she have no involvement, participation, or communication in the labor force. Therefore, employees understand policies, job requirements, policies as well as procedures then exchange them from worker to worker[22]. The leader gives no direction and he/she works in a crisis or reaction manner. The leader assumes employee commitment or agreement to goals that are there and when objectives and goals are shared then there is rarely a defined plan on how to achieve them [22].

2.4. Bureaucratic Management Style

This refers to a style whereby the manager strictly follows policies and procedures to lead the staff. The manager is more like a police officer who enforces the rules and standards set. Therefore, under this management style, everything in the company is performed in a particular way to ensure there is safety and/or accuracy [23]. This management style is effective if the personnel is doing routine work over and over because the workforce needs to understand some standards/procedures or the workers are using dangerous or delicate tools which need a specific set of procedures to operate [24]. Therefore, this style can best work in jobs like construction work or chemistry-related tasks which involve working with perilous material, or occupations involving work with huge amounts of money.

2.5. Transformational Management Style

The transformational style of management is whereby the leaders coordinate with the junior staff to identify the change that is needed, formulate and share with the subordinate staff the vision that inspires them then work to bring change to the organization together with the workers [25]. The Transformational management style focuses on improving Morales of the workers, motivating them, and enhancing their job performance by use of different ways. For instance, the management challenges the staff to take ownership for their work; understands the strengths as well as the weaknesses of the employees; inspires the workers and work towards boosting their interest in the company’s project and also align the staff with work which can boost their job performance. Therefore, the Transformational management style is usually viewed as a moral example due to their contributions to the organization [26].

2.6. Transactional Management Style

The transactional management style is also called managerial leadership and its focus is on organization, supervision, as well as the performance of staff [27]. Transactional management likes their status quo; hence, they don’t look forward to changing the future. Under the Transactional management style, the executives take time to monitor the work of their subordinate staff there to identify any fault or deviation then use punishments and rewards to achieve the compliance of the workers [27]. The system of penalties and rewards is based on two factors, management, and contingent rewards [28]. The management by exception enables the management to maintain their status quo, therefore the managers intervene in case the junior staff doesn’t meet their acceptable performance levels. Afterward, the management takes the initiative to come up with corrective actions which can improve their performance [28]. The Contingent reward offers to those who have shown effort in their work and the management recognizes employees’ good performance. They reward through material items or offer psychological rewards [28].

3. EMPLOYEE PERFORMANCE

The main aim of each organization is to maximize the performance of its employees in a highly competitive market environment. Performance is a multidimensional term and a criterion for the success or failure of an organization. The results of actions with the skills of the personnel working in a certain situation are performance. The study in [29] says an employee’s performance in a job that can be observed and assessed is his/her subsequent conduct. The performance of the employee thus refers to a person’s contribution to the achievement of the organization's objectives [29]. The results of action patterns undertaken to achieve an objective by some standards are employee
performance. In addition to mental actions, or products, such as solutions or decisions that lead to an organizational result, in the form of achievement of goals, employee performance is a behavior consisting of the actions of a staff member that are directly observable. Work performance is a critical activity, according to [30], which offers both goals and methods to achieve the organization’s aims, and provides a level in terms of performance.

The foundation of management styles and practices can be achieved by considering various styles of management including democratic management, participatory management, autocratic governance, and many other management styles. Many were written about participatory management at the beginning of the middle of the 1950s [30]. It is a management style, by which managers share their power and influence by regularly requesting their contributions from employees while maintaining at least a ban on their ideas. Their goal is only to decoder what needs to be done and inform individuals to do it. This constitutes a considerable increase in the empowerment of traditional management. In contrast, the performance of employees is an important corporate component that must be a focus by companies.

4. METHODOLOGY

The study used a data collection questionnaire to adopt a descriptive method of research. An appropriate survey in conduct and social science research is used to determine sampled population attitudes and behavior [31]. In the first phase of the research, the problem statement was defined and interpreted, the goal was established as a study, and the research plan was formed. The full literature review was outlined during the second process. The third step was a field survey. The fourth stage consisted of a revised questionnaire design (pilot studies) by applying the questionnaire to the experts. To help achieve the goal of the study, the pilot study tested and showed that these questionnaire questions were easy to respond to.

Furthermore, all knowledge was essential for the achievement of the research objectives. The questionnaire was updated based on the findings of the pilot study. The fifth part was circulated in the questionnaire. The sixth stage consisted of Data analysis, debate, and explanation. The following step will explain the characteristics of the participants in a descriptive research design and measure the rhythms, proportions, mean and normal variants of the systems used. A tool and survey technique for the collection of data on research issues and for managing the performance of employees. In this study. A cross-sectional study is often used as a large sample, using a data collection process [32, 33]. The results were summarized, concluded, and proposed in the final process.

5. DATA COLLECTION & ANALYSIS

All employees and leaders of 7-Eleven in the Malaysian Kuala-Lumpur Branch were included in this research, and 726 employees are numbered by the end of 2020. The sampling process is used by the survey to better collect population information [34]. The more the chosen sample, the more common the findings of the research are. Sampling samples are a characteristic of quantitative research, whereas purposeful samples are for qualitative research. Sampling likelihood is a tool for selecting a large sample or a certain population stratum randomly [35]. Their function is to decide if the sample selected represents a larger population in quantitative research. But purposeful sampling works for persons, groups, or organizations and is a tool for answers to specific research questions [36].

The study used a single company as a case study to choose the sample from the workers and leaders of the company using the stratified, proportionate random sampling technique. Stratified random proportional sampling techniques can generate estimates with superior precision of overall population parameters and guarantee a better sample outcome of a reasonably homogeneous population. 50% of the total population should be used if no figures for the proposal are available for the target population. The research used this sampling technique because it was not easy to reach many persons during the pandemic so that this convenience sampling ensured that those respondents were available.

In this study, a sample size survey of 160 participants from 726 total employees and leaders was carried out in 7-eleven – in Malaysia –Kuala Lumpur Branches. A random path selection. Then the respondents were contacted by google survey using a semi-structured questionnaire collected primary data. The questionnaires of the study were automatically sent by
email (google forms). The research questionnaire uses Cooper and Schindler to illustrate how it provides uniformity in the answers to questions [37]. There were three parts to the questionnaire. Section A included demographic details followed by Section B, in which a series of comments were made to capture management impressions of the style of leadership, and then Section C was used to capture the leaders’ performance. The key variables include independent variables, i.e. transactional, transformative, democratic, authoritative, and laissez-faire management. The dimension that has been used to test the style of leadership is the multifactor study Questionnaire developed and amended by [38]. The second calculated variable was the dependent variable, i.e. the Yousef Scale employee productivity [39]. The company's website and other sources that provide demographic background information were the secondary data sources. They were then used for the study to obtain their demographic characteristics.

Afterward, the researcher employed SPSS (26) and AMOS (6) for the analysis of the collected data. The researcher conducted both correlation and regression analysis then used tables and charts for the presentation. 13 incomplete questionnaires were excluded because it is incomplete or contains outliers and missing data. The total number valid for the analysis becomes 147 questionnaires. Therefore, the researcher requested the respondents of the study to specify their age groups, most of the respondents fall between the age group 25-30 and 31-35 both with 31.9% then followed by those below 25 years at 25.5%. The next is the age group 36-40 years and the least in the age group above 46 years. The study sought to determine the composition of the gender, most respondents are female who forms 70.2% and males are only 29.8%. The researcher asked the respondents to specify their level of education, the greatest number of respondents hold Bachelor Degrees with a percentage of 55.3, followed by those with master's degrees at 19.1% than those with certificates at 14.9% who are followed by those having Ph.D. at 6.4%. The least number of respondents hold higher diploma at 4.3%. This suggests that the study’s respondents were well learned thus they were able to fill the research questionnaire with ease.

The researcher pursued to determine the management style(s) used by the company. Therefore, the respondents were requested to give their perceptions of the leadership styles their management uses. In giving their opinions, the respondents were requested to give ratings to statements about five management styles. The scale was 1-5 whereby 5 showed strongly agree; 4 indicated Agree; 3 represented Neutral, 2 meant Disagree and 1 represented strongly Disagree. The frequency, as well as the percentages on each style are presented in the Tables 1-5.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
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</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>19</td>
<td>12.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Disagree</td>
<td>37</td>
<td>25.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>16</td>
<td>10.6</td>
</tr>
<tr>
<td>Agree</td>
<td>41</td>
<td>27.7</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>34</td>
<td>23.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 2. Laissez Fair Style

<table>
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<tr>
<th>Gender</th>
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<th>Percent</th>
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<tbody>
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<td>Strongly Disagree</td>
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<td>6.4</td>
</tr>
<tr>
<td>Disagree</td>
<td>37</td>
<td>25.5</td>
</tr>
<tr>
<td>Neutral</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Agree</td>
<td>31</td>
<td>21.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>12.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 3. Autocratic Style

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>19</td>
<td>12.8</td>
</tr>
<tr>
<td>Disagree</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Neutral</td>
<td>31</td>
<td>21.3</td>
</tr>
<tr>
<td>Agree</td>
<td>28</td>
<td>19.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>12.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Table 4. Transformational Style

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>16</td>
<td>10.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>28</td>
<td>19.1</td>
</tr>
<tr>
<td>Neutral</td>
<td>34</td>
<td>23.4</td>
</tr>
<tr>
<td>Agree</td>
<td>56</td>
<td>38.3</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>12</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
Table 5. Transactional Style

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
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<td>Strongly Disagree</td>
<td>3</td>
<td>2.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>34</td>
<td>23.4</td>
</tr>
<tr>
<td>Neutral</td>
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<tr>
<td>Agree</td>
<td>53</td>
<td>36.2</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>12</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

The respondents were asked to rate their performance by use of Likert scale 1-5; whereby 5 indicated very high; 4 indicated high; 3 represented Neutral; 2 meant Low and 1 represented very low. Hence, 29.8% of the respondents have Neutral performance, 21.3% have high very high employee performance. Then 19.1% of the respondents are low in their employee performance and only 8.5% of the respondents have very low employee performance. This is shown in pie chart in Figure 1.

![Employee Performance](image)

Figure 1. Employee Performance

There is a positive correlation between transformational leadership style and employee performance with a coefficient of 0.547 indicating a strong relationship between them. Also, there is a positive correlation between the transactional style and employee performance with a correlation coefficient of 0.602. Therefore, the relationship between transactional leadership style and employee performance is strong and positive. However, there is a negative correlation between authoritative leadership and employee performance with a coefficient of -0.315. This means that the authoritative leadership style led to poor performance. There is also a positive correlation between Laissez Fair Style and employee performance with a coefficient of 0.440. Furthermore, there is a positive correlation between democratic style and employee performance with a coefficient of 0.537.

In short, the correlation analysis results showed that transformational management style had a strong positive and significant correlation with employee performance. The transformational management style also had a strong positive correlation with employee performance. Additionally, the Transactional management style had a significant and strong positive correlation with employee performance. On the other hand, the Authoritative management style showed a negative and significant correlation with employee performance. The laissez-faire revealed a strong and positive significant correlation with employee performance. Moreover, the democratic management style exhibited a positive and significant correlation with employee performance.

6. CONCLUSION

In this paper, the study shows the connection between top management styles and the performance of employees. The research background defines management and sheds light on the management styles investigated in this study. In addition, the methodology followed to arrive to the result has been presented in the paper as well. The sample selection and data collection procedures employed as well as the analysis methods and tools used have been discussed thoroughly. The result, has shown the relationship between different management and employee performance. The transformational, laissez-faire, democratic, and transactional management styles have positive relationship with employee performance. the Authoritative management style showed a negative relation with employee performance.

REFERENCES


