

A Study of the Impact of Democratic Leadership Style on Employee Engagement at ABC Company

Jedrick N. Sellar¹ and Khwaja Abdul-Cader¹

¹School of Management, BMS Campus, Colombo 6, Sri Lanka

*abdul.c@bms.ac.lk

Abstract

This research aims at examining the impact of democratic leadership on engagement of employees in ABC Company with special reference to leadership behaviour including communication, honesty, integrity, and involvement of employees. The study seeks to determine the effects of these leadership characteristics on motivation, organisational commitment, and emotional attachment to organisational objectives. A structured questionnaire was used to capture the employees' perception on leadership and its impact on their level of engagement. The study also reveals that democratic leadership improves the level of engagement by embracing openness, cooperation, and respect for the employees. Managers who promote open communication, engage subordinates in decision making processes and consider their opinions foster organisational commitment, increase employees' motivation, and ensure that they are on the same page with the organisation. However, the study also reveals some areas that require enhancement: the provision of frequent constructive feedback and guaranteeing that all employees are both active and responsible. Therefore, it is crucial to understand that democratic leadership is essential for increasing the engagement level among employees. Although the leadership style enhances motivation and emotional commitment, more efforts are needed to ensure that all employees gain from these practises. The outcomes of this study are useful for organisations that want to achieve increased levels of engagement with the help of leadership that focuses on openness, communication, and employees' participation.

Keywords: Democratic Leadership, Employee Engagement, Organisational Performance, Employee Motivation.

1. Introduction

1.1 Background of the Study

The role of leadership styles in relation to employee engagement has been a topic of interest in many studies, showing a significant effect on organisational outcomes and employee well-being. Leadership, as the practice of leading and directing people towards the accomplishment of shared objectives, is a critical determinant of the work climate and organisational culture (Northouse, 2018). Of all the leadership styles, democratic leadership has received attention because of the positive impact it has on employee engagement (Jaskiewicz and Klein, 2007). Democratic

leadership, which involves the engagement of employees in decision making, ensures that the employees are committed to the goals of the organisation and hence increases the level of engagement (Klein *et al.*, 2013 and Berson *et al.*, 2001).

Employee engagement, i.e. the willingness of the employee to invest discretionary effort to work in a manner that supports the organisation, is vital for organisational performance (Kahn, 1990). Research has revealed that employees who are dedicated to their work are more efficient, satisfied by their jobs and have a strong bond with their employers, thus improving the performance and stability of the organisation (Bakker and

Demerouti, 2007). The democratic leadership style, which involves the employees in decision making, follows the theories of empowerment and shared control that are essential for engagement (Yukl, 2013). Research has pointed out that when the leadership is democratic, the morale of the employees is enhanced, and they feel that they are part of the organisation and are responsible for the achievement of organisational goals (Klein *et al.*, 2013; Jaskiewicz and Klein, 2007; Berson *et al.*, 2001).

1.2 Rationale

There are different leadership styles at ABC Company. The contrast of the autocratic and democratic leadership styles within the organisation provides the basis for comparison of the two approaches. While autocratic leadership entails decision making and power in the hands of the leader, democratic leadership is more participative and involves the subordinates (Bass and Bass, 2008). Although autocratic leadership enhances fast decision-making, it has negative impacts on the morale and motivation of the employees since they are not involved in the decision-making process (De Hoogh and Den Hartog, 2008).

The research aim of this study is to test the hypothesis that democratic leadership is more effective in engaging the employees of ABC Company. The hypothesis is based on prior research, which indicates that the democratic leadership style, that is based on cooperation and inclusion, leads to the increased level of the employee's commitment (Klein *et al.*, 2013; Jaskiewicz and Klein, 2007; Berson *et al.*, 2001).

It is not only important to comprehend the nature of leadership and its effects on engagement of the employees at ABC company on an academic perspective but also from a practical point of view. Harter, Schmidt, and Hayes (2002) mentioned that employees that are engaged are likely to participate in innovation, quality service delivery, and customer satisfaction, which are essential for sustaining competitive performance.

Moreover, the study aims to provide actionable insights for leaders and managers at ABC Company, enabling them to adopt leadership practices that enhance employee engagement. By identifying the key attributes and behaviours of democratic leaders that contribute to higher engagement levels, the findings of this research can guide leadership development programmes and organisational policies aimed at adopting a more inclusive and supportive work environment within organisations.

1.3 Research Aim

The primary aim of this research is to analyse the impact of democratic leadership style on employee engagement at ABC Company.

1.4 Research Scope

This research will focus on 150 employees of ABC Company and their views on leadership styles. This study will focus on a particular Strategic Business Unit (SBU) operating during the night shift.

2. Methodology

2.1 Research Design

This study used the quantitative research method.

2.2 Conceptual Framework

The correlations between various leadership characteristics and employee engagement are considered. The independent variables include collaborative leadership, team player, flexibility, transparency, and communicative leadership, with employee engagement as the dependent variable as illustrated in Figure 1.

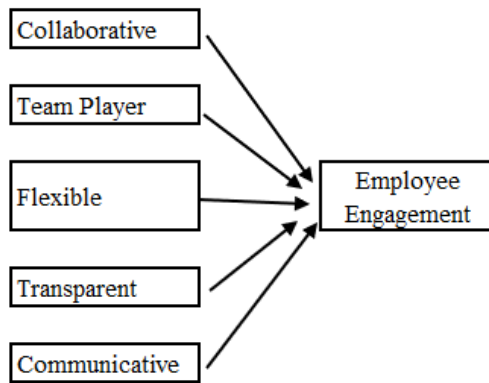


Figure 1. Conceptual Framework

2.3 Hypotheses

H1: A collaborative leader has a positive impact on employee engagement.

H2: A team player leader has a positive impact on employee engagement.

H3: A flexible leader has a positive impact on employee engagement.

H4: A transparent leader has a positive impact on employee engagement.

H5: A communicative leader has a positive impact on employee engagement.

2.4 Population and Sample

The population for this study comprises 150 employees who work the night shift across various departments in a Strategic Business Unit (SBU) within the company. This research targeted a sample size of 120 employees from the night shift population. The convenience sampling technique was used.

2.5 Data Collection

This research used an online survey using Microsoft Form. The survey used a 5-point Likert scale based structured questionnaire.

2.6 Data Analysis

SPSS software was used to analyze the respondent's feedback. Correlation and multiple linear regression analysis were conducted.

3. Analysis and Findings

3.1 Demographic Data

Table 4. The demographic data of the respondents

Criteria	Description	Percentage (%)
Gender	Male	56.60%
	Female	43.40%
Age	18-25 Years	45.90%
	26-35 Years	51.60%
	36-45 Years	2.50%
Department	Billing	24.60%
	Collections	46.70%
	Denial Management	2.50%
	Posting	4.10%
	Other	22.10%
Designation	Associate	9.80%
	Operations Analyst	20.50%
	Senior Operations Analyst	24.60%
	Team Lead/ATL	38.50%
	Manager and above	6.60%
Years of Experience	Less than 1 Year	9.80%
	Between 1-3 Years	41.80%
	Between 4-5 Years	37.70%
	Between 6-7 Years	7.40%
	8 Years and above	3.30%

3.2 Data Validity and Reliability

Cronbach's Alpha was used to measure internal reliability of the primary data. A Cronbach's Alpha value above 0.7 is considered acceptable for social science research (Hair et al., 2010).

The table below summarizes the Cronbach's Alpha values for the variables in the study.

Table 5. Cronbach Alpha

Variable	Cronbach's Alpha
Collaborative Leadership	0.792
Team Player Leadership	0.909
Flexible Leadership	0.79
Transparent Player Leadership	0.881
Communicative Leadership	0.894
Employee engagement	0.895

All variables demonstrate strong reliability, with Cronbach's Alpha values exceeding the threshold of 0.7. This confirms that the questionnaire items are measuring their respective constructs consistently, ensuring the validity of the data for further analysis.

3.5 Correlation Analysis

Pearson's correlation was used to assess both the strength and direction of the relationships between the independent and dependent variables.

Table 6. Correlation Analysis

Independent Variable	Pearson Correlation Coefficient	Sig. (5%)
Collaborative Leadership	0.583	0.000
Team Player Leadership	0.607	0.000
Flexible Leadership	0.703	0.000
Transparent Leadership	0.703	0.000

Communicative Leadership	0.704	0.000
--------------------------	-------	-------

As shown in Table 6, the significance values for all the leadership styles are less than 0.05 ($p = 0.000$), which means that there is a significant relationship between each of the leadership styles and employee engagement. This supports the research hypotheses that leadership styles have a significant effect on the level of employee's engagement at ABC Company.

The coefficients vary from 0.583 to 0.704, which indicate a moderate to strong positive correlation between the leadership styles and the level of engagement of employees.

These coefficients indicate that the most significant positive effect on engagement is provided by such leadership attributes as flexibility, transparency, and communication. This is in line with earlier studies that have pointed out the need to communicate, be transparent and be flexible to engage the employees (Macey and Schneider, 2008; Bakker and Demerouti, 2007).

3.6 Hypotheses Validation

Based on the correlation analysis, all the hypotheses formulated in this study are valid.

The findings show that Flexible Leadership, Transparent Leadership, Communicative Leadership, Collaborative Leadership, and Team Player Leadership are positively related to the level of engagement, thus supporting the hypotheses.

The correlation results of the study are in line with the previous research, especially the works of Macey and Schneider (2008), Bakker and Demerouti (2007), and Goleman (2000). The high coefficients of Flexible, Transparent, and Communicative Leadership are consistent with the literature, which points to these styles as being associated with increased engagement levels of employees. The first advantage of the approach is flexibility that enables leaders to meet the needs of the employees, secondly the aspect of transparency that fosters trust. Finally, the aspect of open communication that boosts

the motivation and commitment of the employees. Collaborative and Team Player Leadership also show positive correlation, although not as high as in the case of the other dimensions, which also corroborates Goleman's (2000) conclusion that inclusive and participative leadership enhances employee commitment, but to a lesser extent.

Therefore, all hypotheses are supported, thus affirming the contribution of leadership styles in increasing employee engagement. These results support the need to implement leadership behaviors that promote communication, flexibility, and openness to increase employee engagement.

3.2 Multiple Linear Regression

Table 7. Multiple Linear Regression Analysis

Independent Variable	Beta	Sig. (5%)
Collaborative Leadership	0.228	0.028
Team Player Leadership	-0.528	0.001
Flexible Leadership	0.27	0.045
Transparent Leadership	0.289	0.010
Communicative Leadership	0.577	0.000

The multiple linear regression analysis presented in Table 7. highlights that all the variables have a significant influence on employee engagement. All the variables, except for Team Player Leadership show a positive relationship with employee engagement. The negative relationship contrasts with other studies like those of Goleman (2000) where teamwork and cooperation had a positive impact on employee engagement. The negative Beta value can be due to the influence of confounding variables or due to multicollinearity.

3.3 Descriptive Analysis

Table 8. Degree of Satisfaction

Variable	Mean
Collaborative Leadership	3.94
Team Player Leadership	3.99
Flexible Leadership	3.91
Transparent Leadership	4.02
Communicative Leadership	4.01
Employee Engagement	3.87

Table 8 displays the mean scores for the selected leadership styles at ABC Company. Transparent Leadership has the highest mean score of 4.02, suggesting that leaders at ABC Company are considered to be transparent. Transparent communication is important in fostering trust and engagement (Men et al., 2020).

Communicative Leadership follows closely with a mean of 4.01, indicating that the leaders at ABC Company are considered to be communicative. Leaders who effectively communicate are highly valued (De Vries *et al.*, 2010).

Team Player Leadership has a mean of 3.99, which means that the leaders at ABC Company are considered to be team players.

Collaborative Leadership and Flexible Leadership, with means of 3.94 and 3.91 respectively, indicate that the leaders at ABC Company are considered to be collaborative and flexible.

Lastly, Employee Engagement has a mean of 3.87, which suggests a satisfactory level of employee engagement at ABC Company. This supports prior findings that democratic leadership directly impacts engagement levels (Shuck and Herd, 2012).

4. Discussion and Conclusion

The research findings of this study indicates that the democratic leadership style leads to higher employee engagement. The findings highlight the importance of communication, flexibility, and openness in engaging with employees. These findings support previous research on the role of democratic leadership style on employee engagement.

The employees surveyed are satisfied with the democratic leadership traits of their supervisors and display good employee engagement.

4.1 Recommendations

Based on the research findings the following recommendations can be made.

Enhance Open Communication

Leaders should promote open dialogue through multiple communication channels, including formal and informal platforms. Regular feedback sessions and open forums will foster a culture of transparency and inclusivity.

Reinforce Transparent Leadership Practices

Leaders should explain the rationale behind decisions and policies. Sharing updates on company performance and strategy will help build trust and align employees' efforts with organisational objectives.

Adopt a Flexible Leadership Approach

Leaders must be adaptable by offering tailored support, recognizing individual contributions, and fostering autonomy. This will create a more engaged and dynamic workforce.

Review the Role of Team Player Leadership

Leaders should ensure that teamwork does not undermine personal responsibility. A balance between collaboration and individual accountability will enhance both team performance and employee engagement.

Increase the Frequency and Specificity of Constructive Feedback

Leaders should provide clear, actionable, and frequent feedback. Recognising achievements while addressing areas for improvement will foster a growth-oriented culture.

Promote Ownership and Accountability

Leaders should implement programs that encourage autonomy and innovation. By fostering a sense of ownership, employees will feel more invested in their tasks and in the overall success of the organisation.

Acknowledgements

We extend our gratitude to all those who participated in the survey.

References

- Bakker, A. B. and Demerouti, E. (2007) 'The Job Demands-Resources model: state of the art', *Journal of Managerial Psychology*, 22(3), pp. 309-328.
- Bass, B. M. and Riggio, R. E. (2006) *Transformational Leadership*. 2nd edn. Mahwah, NJ: Lawrence Erlbaum Associates.
- Bass, B.M. and Avolio, B.J., (1994). *Improving Organisational Effectiveness through Transformational Leadership*. Thousand Oaks, CA: *Sage Publications*.
- Bass, B.M. and Bass, R., (2008). *The Bass Handbook of Leadership: Theory, Research, and Managerial Applications*. 4th edn. New York: Free Press.
- Bass, B.M. and Riggio, R.E., (2006). *Transformational Leadership*. 2nd ed. Mahwah, NJ: Lawrence Erlbaum Associates.

- Bass, B.M., (1985). *Leadership and Performance Beyond Expectations*. New York: Free Press.
- Bass, B.M., (2008). *The Bass Handbook of Leadership: Theory, Research, and Managerial Applications. 4th ed.* New York: Free Press.
- Berson, Y., Nemanich, L.A., Waldman, D.A., Galvin, B.M. and Keller, R.T., (2001). Leadership and organisational learning: A multiple levels perspective. *The Leadership Quarterly*, 12(6), pp.761-779.
- De Hoogh, A.H.B. and Den Hartog, D.N., (2008). Ethical and despotic leadership, relationships with leader's social responsibility, top management team effectiveness and subordinates' optimism: A multi-method study. *The Leadership Quarterly*, 19(3), pp.297-311.
- De Vries, R. E., Bakker-Pieper, A., and Oostenveld, W. (2010). Leadership = Communication? The relations of leaders' communication styles with leadership styles, knowledge sharing, and leadership outcomes. *Journal of Business and Psychology*, 25(3), 367–380.
- Goleman, D., (2000). Leadership that gets results. *Harvard Business Review*, 78(2), pp.78-90.
- Goleman, D., Boyatzis, R. and McKee, A., (2013). *Primal Leadership: Unleashing the Power of Emotional Intelligence*. 10th edn. Boston: Harvard Business Review Press.
- Hair, J.F., Black, W.C., Babin, B.J. and Anderson, R.E., (2010). *Multivariate Data Analysis*. 7th ed. Upper Saddle River: Prentice Hall.
- Harter, J.K., Schmidt, F.L. and Hayes, T.L., (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. *Journal of Applied Psychology*, 87(2), pp.268-279.
- Jaskiewicz, P. and Klein, S.B., (2007). The impact of goal alignment on board composition and board size in family businesses. *Journal of Business Research*, 60(10), pp.1080-1089.
- Kahn, W. A. (1990) 'Psychological conditions of personal engagement and disengagement at work', *Academy of Management Journal*, 33(4), pp. 692-724.
- Klein, P.G., Mahoney, J.T., McGahan, A.M. and Pitelis, C.N., (2013). Capabilities and strategic entrepreneurship in public organisations. *Strategic Entrepreneurship Journal*, 7(1), pp.70-91.
- Macey, W.H. and Schneider, B., (2008). The meaning of employee engagement.
- Men, L. R., Qin, Y. S., and Kim, Y. (2020). Examining the effects of transparent communication and trust on employee engagement: An internal communication perspective. *Public Relations Review*, 46(4), pp.101-851.
- Men, L.R. and Stacks, D.W. (2013) 'The impact of leadership style and employee empowerment on perceived organisational reputation', *Journal of Communication Management*, 17(2), pp. 171-192.
- Men, L.R. and Stacks, D.W. (2013). The Impact of Leadership on Employee Engagement: An Empirical Study. *Journal of Communication Management*, 17(4), pp.290-308.
- Northouse, P. G. (2018) *Leadership: Theory and Practice*. 8th edn. Thousand Oaks, CA: SAGE Publications.
- Shuck, B., and Herd, A. M. (2012). Employee engagement and leadership: Exploring the convergence of two frameworks and

implications for leadership development in HRD. *Human Resource Development Review*, 11(2), 156-181.

Shuck, B., Reio, T.G. and Rocco, T.S., (2011). Employee engagement: An examination of antecedent and outcome variables. *Human Resource Development International*, 14(4), pp.427-445.

Yukl, G. and Mahsud, R., (2010). Why flexible and adaptive leadership is essential.

Yukl, G. and Lepsinger, R., (2004). Flexible Leadership: Creating Value by Balancing Multiple Challenges and Choices. San Francisco, CA: Jossey-Bass.

Yukl, G., 2010. Leadership in Organisations. 7th edn. Upper Saddle River, NJ: Pearson.

Yukl, G., 2013. Leadership in Organisations. 8th edn. Upper Saddle River, NJ: Pearson.