



Management Styles and Employee Performance: A Study of a Public Sector Company (SSGC)

Siraj Jamal and Masroor Ali Soomro *

ABSTRACT

This research investigated that do management styles have any significant effect over employee performance with HR being an intervening variable, a trend setter or culture molder in the organization and judging its impact over employee performance of Sui Southern Gas Company (SSGC) limited, which is an organization with diversified backgrounds and cultures of working people having different norms and values. Keeping the problem statement in the mind four hypotheses were proposed including autocratic and MBWA management styles. Culture has significant effect over employee performance with respect to autocratic and MBWA management styles. There is significant difference between employee perceived performance and HRIS employee performance record. The target population with sample size of 158 E-grade officer as respondents were provided questionnaire. Tests of Multiple Linear Regression (MLR) and Paired Sample T-test showed that two of proposed hypotheses were accepted and two were rejected. Hence, autocratic management styles do affect employee performance while management has to work hard to establish a good governing norms and values. This helps to mold its new management styles and culture and set new image of the organization and generate productive results.

Keywords: Management styles, employee performance, Gas industry, organizational culture

JEL Classification: M12, M14

Introduction

Over the period of last two decades many research studies has been carried out over the organizational behavior, organizational culture, diversity and employee productivity and their application in the corporate world. More recently number of researchers and theorists have under taken the concept of Management Styles and how these affect the Employee Performance belonging to various different cultures.

Sui Southern Gas Company-SSGC is a company with a blend; a group of people with diversified Backgrounds work under one roof and under the shadow of one company. Over the passage of time the company has grown and has transformed from government Organization to a semi-government public sector entity.

* Corresponding author's email: siraj.j@iqra.edu.pk.

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Company Background

Natural Gas which was mystery to cave men beyond their understanding but a blessing for the modern men was for the first time discovered in 1952 at the place of Sui, a remote area in the province of Baluchistan, Pakistan. Having estimated gas reserves of 2000 billion cubic feet [$57 \times 10^9 \text{ m}^3$] (http://en.wikipedia.org/wiki/Sui_gas_field). Its composition has changed to and is becoming more diverse as the company serves a very large target customer population belonging to diverse races and cultures (Sindh, Panjab & Balochistan).

To gain maximum profit or Output Company has to employ and maintain diversified employees; Company has to employ various different management styles because company knows the diversity of the workforce provides both opportunities and challenges. Various authors have presented management styles, which are culturally, ethnically, racially determined and hence vary distinctly from area to area (Morris & Pavett, 1992). Therefore, this study is an attempt to measure employee performance associated with each different management style of the core department of SSGC i.e. Distribution, Transmission and Human Resource as an intervening Department between the Management and Employees and all other supporting departments.

Variables to be Studied

Independent variables

1. Autocratic or Authoritarian
2. Management by Walking Around (MBWA)

Intervening variable

1. Culture - Human Resource Department
2. HRIS Employees' Performance Records

Dependent variable

Employee Perceived Performance (Perceived by Employees)

Hypotheses

H₁: There is significant effect of MBWA style over employee performance through the culture of an organization.

H₂: There is significant effect of autocratic management style over employee performance through the culture of an organization.

Literature Review

Styles of management leadership vary from company to company, country to country and with respect to cultural differences as well. Management Styles are ideas, concepts, perceptions, models and theories that controls and manipulates the working environment/culture and employee performance of an organization.

Throughout history economists and business think tanks and management gurus have developed numerous styles; however, all conclude that the bottom line is earnings, turnover, returns, and profit. Various "styles" were introduced in the context of management and leadership style that a manager follows to achieve same destination i.e. good business and administration. Management styles are the recurring ways of decision making concerning both firm and individual working for the firm (Poon, Evangelista, & Albaum, 2005). This

concept was supported further by Tannenbaum and Schmitt (1958), who had discussed, the leadership styles are adopted as per circumstance prevailing so managers should practice a variety of management styles (<http://www.airpower.au.af.mil/airchronicles/aureview/1976/mar-apr/dean.html>).

Management activities and decisional processes doesn't depend merely on assessment inquiries presented but much more. monitoring, measurement are inevitable functions and effective implementation of working practices and employee performance, productivity which are governed by human factor and shapes an organization's culture (Van-Fleet, David, Griffin, & Ricky, 2006). In recognition of these significant features, management styles values the human capital as a method to accomplish organizational objectives which could be done through understanding organizational culture and work environment trust between M-grades and subordinates (Ribie're & Sitar, 2003).

Various management researchers argue that management styles are established on basis of cultural hence, they sharply vary from every country's culture to culture, while a few has studied the relationship between management styles, cross-culture and employee performance except Morris and Pavett (1992), that examines Organizational norms and values and second study was conducted by Huque (2011) on corruption, bureaucracy and managerial attitude.

The top-down approach to leadership: autocratic management as stated by Morris and Pavett (1992), where decision are made unilaterally and orders are given this better be said dictate to subordinates without much of consultation as a result, entity will mirror the judgment, attitude and personality of the manager and this will project a picture of a confident, healthy and well managed business. However, theorists argue that this management style usually is not employed since the manager likes to control the situation and the decision are made quickly because autocrat wastes no time consulting, nevertheless this management style can bring down the moral and motivational level of the employees and may lead high employee turnover (Tannenbaum & Schmitt, 1958).

Till date various management styles were developed, designed and were adopted that could best govern a dysfunctional organization: it falls in the category of antisocial behavior that damage firm and its work men, use of alcohol or smoking at work place, which sometimes involves physical assault i.e. pushing, shoving, slapping or hitting. Best management style to handle such mal behavior is autocratic management (Van-Fleet, David, Griffin, & Ricky, 2006).

According to Morris and Pavett (1992), organization should avoid being System 1 organization because the evaluation is based on punishment and rarely on rewards, there is only downhill communication and is little interaction or teamwork, power, control and decision making authorities lies with top level of the organization.

Hall and Hall (1990), very well described the two different chronological styles related to autocratic and MBWA – monochromic styles and polychromic styles respectively. Monochromic or abstractive cultures management style focuses on a single issue at a time, divides activities pertaining as per space and time. Monochromic managers use the autocratic style. They employ logical solution to solve the problems and rational decision, hence, such managers don't take much time to schedule by limiting the tasks, duties to time, while the polychromic is opposite of monochromic (Poon, Evangelista, & Albaum, 2005).

Tixier (1994) argues that hierarchy build distance between individuals and level of formality and socio-psychological distance get effected by and changes the entire communication done internally within an organization. In this respect, Tixier (1994) discovers that the various states, kingdom and nations of Europe on its northern side can be compared with a marked distinction from those of southern (Belgium, France, Italy, Spain, Portugal, and Greece) where tall structures/hierarchies are greater with a distance because of more centralized authority and autocratic management and same is the case with the

organization under study in this research i.e. half of the SSGCL is situated in east-northern Pakistan (Sindh) and other half that believe in autocratic management style in west-southern Pakistan (Balochistan) each with different educational status and culture hence, both have a sharp discrepancy in management styles.

Rational for using Management by walk around/about-MBWA

Beil-Hildebrand (2006) described MBWA-management by walk around/about is an innovative and much debatable topic of human resource management and has an important role in professional management function, especially in high trust work relations-HTWR. Peters and Waterman (1982) were fascinated about wandering around approach introduced by United Airlines by Ed Carlson (first time), Hewlett-Packard by Bill Hewlett (second time) and RMI by Big Jim Daniell (third time) who used to take round of their factory daily, having chit chats cracking jokes with their employees, paying attention to their suggestions, taking note of their complains, listening about their problem, and knowing their employees with their names. Peters and Waterman (1982) named this wandering around approach and coined a term MBWA.

Managers who practice MBWA are polychromic and possess associative cultures management style that focuses on number of matters at a time. Such managers give special attention to people and relationships around and concentrate to complete the tasks assigned instead abide by the rules and predetermined schedules (Vinton, 1992).

Morden (1997) argues the main reason for this management decentralized activity is to keep employees updated and to win the faith, confidence and trust to talk about new ideas. Eventually this helps to avoid unexpected mistakes and make their jobs easier (Peters & Waterman, 1982).

MBWA is a paradigm shift of human brain/mind/intelligence to consider employees/staff not as separate/distinct but as part of organizational management.

Employee Performance

Hackett, Bycio, and Hausdrof (1994) explained that employee performance is directly proportional to organizational commitment and loyalty where as relationship between continuous commitment and job performance is insignificant. Likewise the working environment and ethical code of conduct is now regarded as an important part of employee performance and organizational success (Paine, 2003).

As per Katz (1964) research, performance of an employee is a small component of Job performance, which is a complex area divided as in-role Job performance and new working methods and behaviors. In-role Job performance best be depicted as a measure for particular employee's job description on which employee performance is assessed and rewarded by the organization (Janssen & Yperen, 2004). When employees start performing well and achieving the required results, meeting the deadlines than organization should work for their welfare and motivate them so that productive results further improves and employee performance best be judged (Lock & Latham, 2004).

Research Methods

Method of Data Collection

Both the primary and secondary data were used to investigate the hypotheses of this study. The primary data was collected via self monitored and administered survey technique. Procedure was based upon official visits to the Head office of SSGC and its regional offices (SITE) and their owned Gas training institute-GTI generally known as Knowledge Resource Center and Gas Terminals of organization and meeting targeted respondents to gather the

required information through circulated questionnaires. The secondary data (the employee performance for the same employees which were used to collect the primary data) was collected from human resource management information system - HRIS department's record of employees' performance which was provided by organization as documented and published by them.

Sampling Technique, Sample Size and Statistical Technique

As far as the sampling technique was concerned, a restricted non probability sampling technique was employed since the research was limited with the number of respondents given by the HR department of the outlined organization.

200 respondents were interviewed and 158 respondents were selected as the sample of this study. While, TSLS-Two-stage least-squares regression was employed to interrogate the hypotheses.

Finding and Results

Table 1: Model Description

| | Type of Variable |
|------------------------|------------------|
| Equation 1 Performance | Dependent |
| Walk3 | Predictor |
| Culture | Instrumental |

Table 2: Coefficients

| | Unstandardized Coefficients | | Beta | T | Sig. |
|-----------------------|-----------------------------|------------|-------|-------|------|
| | B | Std. Error | | | |
| Equation 1 (Constant) | -2.921 | 3.372 | | -.866 | .388 |
| Walk3 | .692 | .425 | 2.108 | 1.628 | .105 |

The findings of this paper as shown in table 2 revealed that Walk3 (Management by walk around-MBWA Style) does not really matter for explaining Employee performance through the outlined mediating variable i.e. culture of an organization. Thus, we also fail to accept the Hypothesis 1 that there is significant effect of MBWA style over employee performance through the outlined mediating variable i.e. culture of an organization.

Table 3: Model Description

| | Type of Variable |
|------------------------|------------------|
| Equation 1 Performance | Dependent |
| Auto3 | Predictor |
| Culture | Instrumental |

Table 4: Coefficients

| | Coefficients | | Beta | t | Sig. |
|-----------------------|-----------------------------|------------|------|-------|------|
| | Unstandardized Coefficients | | | | |
| | B | Std. Error | | | |
| Equation 1 (Constant) | .841 | .488 | | 1.724 | .087 |
| Auto3 | .284 | .080 | .804 | 3.549 | .001 |

The findings of this paper further revealed as shown in table 4 that Auto3 (Management by Autocratic Style) does matter for explaining Employee performance through the outlined mediating variable i.e. culture of an organization. Thus, we fail to reject the Hypothesis 2 that there is significant effect of autocratic management style over employee performance through the outlined mediating variable i.e. culture of an organization.

Conclusion and Discussion

The findings and results of this paper clearly portray that the autocratic style of management in the organizations for sure matters for the employee performance while Management by walk around-MBWA Style has nothing to do with the performance of the employee hence, the performance of the organizations in the Pakistani space. Though the previous researches by Sharkie (2009); Beil-Hildebrand (2006); Van-Fleet, David, Griffin, and Ricky (2006); Poon, Evangelista, and Albaum (2005); Brookfield (2000); Tixier (1994); Marcoulides and Heck (1993); Morris and Pavett (1992) accentuate that Employee performance, management styles (both Autocratic and MBWA) are no doubt strongly correlated with each other.

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