

THE IMPACT OF AUTOCRATIC AND DEMOCRATIC LEADERSHIP STYLE ON JOB SATISFACTION IN PRIVATE BANKS

YAN NAING TUNⁱ

Abstract

This research investigates the impact of Autocratic and Democratic Leadership Style on Job Satisfaction in Private Banks (KBZ and AYA Bank). For this purpose a questionnaire was developed and validated. There were fifteen items in all. The items were based on five point scale (from strongly disagree to strongly agree). The data were collected from eightieth (80) staff of both KBZ and AYA Banks (55 of KBZ and 25 of AYA Bank). For statistical analysis Frequency distribution, Mean, Standard Deviation, ANOVA and Regression Analysis were used. It was found that Leadership style does not impact on job satisfaction.

Keywords: Autocratic, Democratic, Leadership, Bank, Job Satisfaction

1. Introduction

Today's banking industry sector is one of the growing economic sectors in Myanmar. Banking industry services loans, rent, insurance, foreign exchange and investment. The role of banking industry plays an important part in our country. So, banking industry sector needs to expand for the economic growth of the country. Banks are essential for any business within the country. It is impossible to keep abreast with other nations in business and economic sector without private banks.

The diversification of ownership of banking institutions has enabled private shareholding in public sector banks. The increasing presence of private sector domestic and foreign banks has led to an unprecedented increase in competition in the banking sector, offering tremendous opportunities of business expansion and diversification nationally as well as globally along with threats from the emergence of new players in the industry. Acute competition with the advent of new generation private sector banks and foreign banks bringing in latest technology has resulted in putting greater focus on product innovation backed by IT advancement and thrust on customization of products. The banks are on hiring spree recruiting younger persons with good educational background and IT skills to manage their expansion plans. Effective

ⁱ Tutor, Department of Commerce, Co-operative University, Thanlyin

leadership is viewed as a key factor in attracting, motivating, and maintaining employees in organizations undergoing change and transformation. (Sandhu and Kaur; Cropanzano, Rupp & Byrme 2003)

In today's competitive world, Banks play an important role in achieving the objective of economic development through financing every sector of the economy and help for the smooth operation. "A commercial institution that keeps money in accounts for individuals or organizations, makes loans, exchanges currencies, provides credit to businesses, and offers other financial services". (Macesich, 2000)

Nowadays, the government is strongly encouraged the private banks to do it. There have been many private banks in Myanmar. There are four private banks in Thanlyin. Among these private banks, two private banks are selected for this study. These are Kanbawza (KBZ) and Ayeyarwady (AYA) banks. Kanbawza (KBZ) and Ayeyarwad (AYA) banks have to competent each other banks than to get the most successful and then these have branches bank more than other bank in myanmar.

Leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals, a process whereby one person exerts social influence over other members of the group, a process of influencing the activities of an individuals in an effort towards goal achievement in given situations, and a relational concept involving both the influencing agent and the person being influenced.

"A leader places the people around him or her in a position that sets them up for success. This is a difficult task because a leader must have an in-depth understanding of each individual, such as understanding their career goals and knowing what motivates them. By being committed to helping each person achieve their own personal goals, the leader sets the organization up for greatness. Leaders are [also] good listeners. They listen to verbal and nonverbal cues to understand [what is] occurring in the organization. This allows you to address problems before they become big issues." – Andor Kovacs

Behavioral theories focus on how leaders behave. For instance, do leaders dictate what needs to be done and expect cooperation? Or do they involve their teams in decision making to encourage acceptance and support? In the 1930s, Kurt Lewin developed a framework based on a leader's behavior. He argued that there are three types of leaders:

1) Autocratic leaders make decisions without consulting their teams. This style of leadership is considered appropriate when decisions need to be made quickly, when there's no need for input, and when team agreement isn't necessary for a successful outcome.

2) Democratic leaders allow the team to provide input before making a decision, although the degree of input can vary from leader to leader. This style is important when team agreement matters, but it can be difficult to manage when there are lots of different perspectives and ideas.

3) Laissez-faire leaders don't interfere; they allow people within the team to make many of the decisions. This works well when the team is highly capable, is motivated, and doesn't need close supervision. However, this behavior can arise because the leader is lazy or distracted and this is where this style of leadership can fail.

Organization is an entity which is set up for a purpose. Organization can be defined as the human co-ordination of a number of persons or individuals in the service of mutual help for the achievement of common goals through the division of labor and functions, and through hierarchy of authority.

1.2 Objectives of the Study

The objectives of this research that is to be carried out are as follows:

- To identify the leadership style in selected private banks.
- To measure the job satisfaction of employees in selected private banks.
- To investigate the relationship between style of leadership and perceived job satisfaction.

2. Literature Review

Smith (1998) asserts that if the task is highly structured and the leader has good relationship with the employees, effectiveness will be high on the part of the employees. His findings further revealed that democratic leaders take great care to involve all members of the team in discussion, and can work with a small but highly motivated team. Clearly, how leaders behave affects their performance. Researchers have realized, though, that many of these leadership behaviors are appropriate at different times. The best leaders are those who can use many different behavioral styles, and choose the right style for each situation. The ability of leaders consist one of the important role to improve the organizational performance. The two categories actually distinguished two different style of leadership namely autocratic and democratic. Lewin et al (1939) concluded that democratic style of leadership is the most effective, but Smith and Peterson (1988) pointed that the effectiveness of group leaders is dependent on the criterion which was being used to assess leadership. Thus, if leadership is assessed in terms of productivity, then autocratic style is effective. Absence of leadership

style brings about lack of direction from the leader resulting in low morale and lack of interest in the work. Hayers (2000) found that workers who fell 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. According to (Parish, Thomas S 1999) Leadership is high demand today, particularly since few understand exactly what's required in order to achieve it. This brief note will simply spell out what is necessary in order to attain effective leadership, and possibly dispel any incorrect ideas regarding how to achieve it, at least initially. Leadership is a process of social influence which maximizes the efforts of others toward the achievement of a greater good. The key elements of this definition are Leadership stems from social influence, not authority or power, Leadership requires others, and that implies they don't need to be "direct reports", No mention of personality traits, attributes, or even a title; there are many styles, many paths to effective leadership, It includes a greater good, not influence with no intended outcome. Leadership is a mindset in action. Therefore, don't wait for the title. Leadership isn't something that anyone can give you — you have to earn it and claim it for yourself.—(Dr. Travis Bradberry) Leadership style relates to a specific behavior and will be influenced by the leaders' aims and personality as well as their relationship and interactions with the teams. The effective leadership style certainly improves organizational productivity and employee motivation. Different leaders behave different ways depending on their individual differences as well as their employee needs and organizational situation. There are many factors that may enhance job satisfaction of employees like working conditions, work itself, supervision, policy and administration, advancement, compensation, interpersonal relationships, recognition and empowerment (Castillo and Cano, 2004) but leadership has a major relationship to enhance employees' job satisfaction (Wexley and Yukl, 1984). The quality of leader-employee relationship has a significant relatedness with employees' job satisfaction (DeCremer, 2003) and employees feel satisfied and comfortable with leaders who are supportive (Yukl, 1971). Employees feel stress when they have to work with a leader who is unsupportive and whose behavior is negative (Wilkinson & Wagner, 1993).

3. Research Method

This portion consists of method used for the research that is research population, sampling technique and research variables.

3.1 Research Population

The population of the study was the male and female employees of private banks both KBZ and AYA Bank. It was decided to include population of different ages and education.

3.2 Sampling Technique

Quantitative research method is used in this study. Simple random techniques helped to select representative units from which data could be gathered. The participants of 80 employees (55 from KBZ Bank and 25 from AYA Bank) in Thanlyin branch of Bank selected staff comprising of both male and female by using appropriate questionnaires because of the limited time and financial constraints to make the analysis on the whole private bank in Thanlyin. The data collected from KBZ and AYA Bank in Thanlyin. The participants of 5 employees are non-respondent from KBZ Bank.

3.3 Research Variables

Leadership styles (Autocratic and Democratic) are the independent variables while the dependent variable is job satisfaction.

4. Data Collection

This research used the primary and secondary data. The instrument used for the collection of the primary data was questionnaire containing questions to measure the effect of autocratic or democratic leadership on workers. Secondary data constituted relevant literature such as journals, reports internet and related books which contributed to the development of study.

4.1 Statistical Analysis

1. Frequency distribution
2. Mean
3. Standard deviation
4. ANOVA
5. Regression Analysis

4.2 Data Analysis

The study is conducted to investigate “The impact of autocratic and democratic leadership style on job satisfaction” with a sample of 80 employees both male and female of KBZ and

AYA Bank staffs. The data collected through questionnaire and the collected data is analyzed through computer software SPSS version 20.

4.3 Demographic information of respondents

Variables	Frequency	Percent
Branch of Bank		
KBZ	55	68.8
AYA	25	31.3
Gender		
Male	25	31.3
Female	55	68.8
Age		
18-29	69	86.3
30-40	10	12.5
41-50	1	1.3
51-60	-	-
Level of Education		
Non-Graduate	8	10
Bachelor	69	86.3
Master	3	3.8
Experience		
Under 1 year	18	22.5
1-3 years	38	47.5
4-6 years	19	23.8
above 6 years	5	6.3

The demographic information of the 80 respondents (55 from KBZ Bank and 25 from AYA Bank) in Thanlyin branch of Bank selected staff comprising 25 of Male and 55 of Female. They are classified into five age groups. The subject group aged 18-29 years accounted for 86.3%, 30-40 years accounted for 12.5%, 41-50 years accounted for 1.3% and 51-60 years haven't in the respondent staffs. In the level of education, 10% of staff were non-graduate, 86.3% of staff have bachelor and 3.8% of staff have master were both KBZ and AYA Bank. Further in the experience, 22.5% of staff have under 1 year, 47.5% of staff were up to 1-3 years, 23.8% of staff were 4-6 years and 6.3% of staff have above 6 years in respondents.

4.4 Distribution of Item Means of Leadership Style Factor

Table 1. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
1	Your leader considers his/her decision as final.	80	2.75	.666

Table 1 shows that for total 80 employees the mean score is 2.75 (SD= .666) that indicates that in democratic leader does not consider his/her decision as a final.

Table 2. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
2	Employees are threatened or punished if they do wrong or mistakes have done by them in order to achieve their goals.	80	2.74	.838

Table 2 shows that for total 80 employees the mean score is 2.74 (SD= .838). It shows that in autocratic leadership style employees are always threatened or punished if they make mistakes because the organization wants to achieve its goals.

Table 3. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
3	Leader considers the suggestions of the employees while making a decision.	80	2.05	.571

Table 3 shows that for total 80 employees the mean score is 2.05 (SD= .571). It shows that for decision of the organization, autocratic leader does not consider the suggestions of the employees.

Table 4. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
4	Your leader likes the power that he/she holds over his/her subordinates.	80	3.58	.965

Table 4 shows that for total 80 employees the mean score is 3.58 (SD= .965). It shows that autocratic leader like the powers that he/she holds over their employees.

Table 5. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
5	Your leader thinks that you know how to use your creativity and ingenuity to solve organization problems.	80	3.28	.616

Table 5 shows that for total 80 employees the mean score is 3.28 (SD= .616). It shows that democratic leader know how the employees use their creativity and ingenuity to solve organizational problems as the prosperity of the organization means the prosperity of the employees.

Table 6. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
6	Your leader allows you to determine what needs to be done and how to do it in your assignment.	80	3.71	.620

Table 6 shows that for total 80 employees the mean score is 3.71 (SD= .620). It shows that whenever assignments are given to employees, democratic leader leaves it to the employees to suggest by themselves what they would like to do and how they feel easy for its completion.

Table 7. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
7	Whenever you make a mistake your leader politely tell you and advise you not to do it again.	80	3.94	.752

Table 7 shows that for total 80 employees the mean score is 3.94 (SD= .752). It shows that employees are of the view that democratic leaders behaves politely and advice their employees for not doing mistakes again and they should be careful.

Table 8. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
8	Whenever there is difference in expectation your leader works with you to resolve it.	80	4.03	.656

Table 8 shows that for total 80 employees the mean score is 4.03 (SD= .656). It shows that democratic leadership environment, leader always tries to solve any kind of differences in expectation.

Table 9. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
9	Whenever something goes wrong you tell your leader fearlessly.	80	3.93	.708

Table 9 shows that for total 80 employees the mean score is 3.93 (SD= .708). It shows that democratic leadership style employees have courage to share their mistakes with their leaders so that they can have better opinion from their leaders.

Table 10. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
10	Employees always vote whenever a major decision has to be made.	80	3.04	1.119

Table 10 shows that for total 80 employees the mean score is 3.04 (SD= 1.119). It shows that voting is also done before taking any major decision for the organization.

Overall (Leadership Style)

Table 11. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
Total	Overall (Leadership Style)	80	3.30	0.245

Total shows that for total 80 employees the overall mean score is 3.30 (SD= 0.245) indicating that employees facing generally a democratic sort of leadership from their leaders.

4.5 Distribution of Item Means of Job Satisfaction Factor

Table 12. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
1	Do you think about the betterment of your organization and share your ideas?	80	3.85	.713

Table 12 shows that for total 80 employees the mean score is 3.85 (SD= .713). It shows that democratic leadership environment employees think about the betterment of their organization and for its betterment share their ideas with their leaders.

Table 13. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
2	Do you like to go to your job?	80	3.62	.769

Table 13 shows that for total 80 employees the mean score is 3.62 (SD= .769). It shows that employees are satisfied in democratic leadership style and they like to go to their jobs.

Table 14. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
3	Do you like to do extra time to your job so that your assignments can be finished early/ in time?	80	2.62	.986

Table 14 shows that for total 80 employees the mean score is 2.62 (SD= .986). It shows that democratic leadership style employees work freely and with peace of mind, they don't like to do extra time to your job.

Table 15. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
4	Do you want to change your job and have better than this job?	80	4.04	.625

Table 15 shows that for total 80 employees the mean score is 4.04 (SD= .625). It shows that while working with autocratic leader, employees are not satisfied and they want to change their jobs for better jobs.

Table 16. Distribution Mean and Std.deviation

No.	Variable	N	Mean	Std. Deviation
5	Do you think that you will never change this job?	80	2.31	1.014

Table 16 shows that for total 80 employees the mean score is 2.31 (SD= 1.014). It shows that as employees are satisfied with their democratic leader and working environment, they do not like to change their jobs.

Overall (Job Satisfaction)

Table 17. Distribution Mean and Std.deviation

No	Variable	N	Mean	Std. Deviation
Total	Overall (Job Satisfaction)	80	3.29	0.340

Total shows that for total 80 employees the overall mean score is 3.29 (SD= 0.334) indicating that the employees satisfied their job.

4.6 Relationship between Leadership Style and Job Satisfaction

Relationship between Leadership Style and Job Satisfaction were analyzed using liner regression model. However, it was found that there is no significant relationship between these two variables. Thus, in the context of selected private bank in Thanlyin, the variation of employees' job satisfaction cannot be predicted by leadership style. This result was contracted with some previous research for example Nadeem Bhatti, Ghulam Maurza Maitlo, Naveed Shaikh, Muhammad Aamir Hsahmi and Faiz. M. Shaikh (2012) found that Leadership Style on Job Satisfaction there is positive significant relationship between these two variables.

5. Conclusion and Recommendations

The study was aimed to find the relationship between leadership style and job satisfaction among the bank staff comprising of both male and female from KBZ and AYA Bank. The main objective of the study was to find out the relationship between leadership style and job satisfaction. For this purpose, the questionnaire was developed; there were 15 variables in all. All questions were close ended. It was administered to 80 bank staff both male and female of

KBZ and AYA Bank. The study will help us to find out the impact of leadership style on the working and output of employees and their job satisfaction. Leadership style does not impact on job satisfaction. People like to work in free atmosphere where they can share and exchange their view. Employees tell their leaders fearlessly in case of anything wrong. This creates a sense of ownership among the employees that gives them satisfaction.

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Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.027 ^a	.001	-.012	.34166	1.490

a. Predictors: (Constant), leadership

b. Dependent Variable: Job Satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.007	1	.007	.057	.811 ^b
	Residual	9.105	78	.117		
	Total	9.112	79			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.414	.520		6.569	.000
	leadership	-.038	.157	-.027	-.239	.811

a. Dependent Variable: Job Satisfaction

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.2676	3.3164	3.2900	.00920	80
Residual	-.69009	.90991	.00000	.33950	80
Std. Predicted Value	-2.439	2.868	.000	1.000	80
Std. Residual	-2.020	2.663	.000	.994	80

a. Dependent Variable: Job Satisfaction