Dutse Business Review (DBR): Volume 1, Issue 1 (2026) *ISSN Print: 3156-4062* *eISSN:3156-4852*

The Impact of Leadership Style on Employee Performance (A case study of Nigerian Banking Sectors)

JIBRIN ANGO MOHAMMED MSC BUSINESS ADMINISTRATION

UMAR MUSA KALLAH PHD.

DEPARTMENT OF BANKING AND FINANCE F.U.D

ABDULRAHMAN MUHAMMAD MUSA PHD.

DEPARTMENT OF BUSINESS ADMINISTRATION F.U.D

ABSTRACT

This study examined the effect of leadership styles on employee performance in Access Bank Plc, Bauchi Branch, Bauchi State, Nigeria. The study focused on three leadership styles: democratic, autocratic, and laissez-faire leadership. The objective was to determine how these leadership styles influence employee performance within the banking sector. A quantitative research design was adopted, and data were collected through structured questionnaires administered to employees of Access Bank Plc, Bauchi Branch. The study employed descriptive and inferential statistical techniques using SPSS for data analysis. A sample size of 150 respondents was drawn from a population of 240 employees, while 100 valid responses were used for final analysis. Findings revealed that democratic leadership style has a significant positive effect on employee performance through participation, communication, and involvement in decision-making. Autocratic leadership style was found to have a moderate but significant effect on employee performance, particularly in situations requiring strict supervision and quick decision-making. However, laissez-faire leadership style showed a weak and insignificant relationship with employee performance due to lack of supervision and guidance. The study concludes that leadership styles significantly influence employee performance in Access Bank Plc, Bauchi Branch. It recommends that management should adopt democratic leadership practices while applying autocratic leadership where necessary and minimizing laissez-faire leadership practices.

1.0 Introduction

Leadership is one of the most important determinants of organizational success and employee effectiveness in modern organizations. It involves the process of influencing, motivating, and directing employees towards the achievement of organizational goals and objectives. According to Yukl (2013), leadership is the process through which an individual influences others to understand and agree on what needs to be done and how it should be accomplished.

Similarly, Northouse (2022) defines leadership as a process whereby an individual influences a group of individuals to achieve a common goal. Effective leadership is therefore critical for enhancing employee commitment, productivity, job satisfaction, and organizational performance. Employee performance is a critical factor that determines organizational effectiveness and long-term success.

According to Armstrong and Taylor (2023), employee performance refers to the extent to which employees effectively execute assigned duties and contribute to the achievement of organizational objectives. In the banking industry, employee performance is reflected through productivity, customer service delivery, innovation, efficiency, target achievement, and overall contribution to organizational goals. (Michael Armstrong, 2021; Herman Aguinis, 2019)

Bhatti et al. (2012) found that democratic leadership positively affects employee productivity and job satisfaction. Iqbal et. al. (2015) argued that leadership style significantly influences employee motivation and organizational performance. Similarly, Babatunde (2015) observed that effective leadership enhances employee commitment, innovation, and organizational efficiency. In the Nigerian context, Ojokuku, Odetayo, and Sajuyigbe (2012) reported that leadership style has a significant impact on organizational performance within the banking industry.

This study therefore seeks to examine the impact of Democratic, Autocratic, Laissez – faire leadership styles on employee performance in the Nigerian banking sector. The study aims to provide empirical evidence that will assist bank managers, policymakers, and researchers in understanding the leadership approaches that are most effective in enhancing employee performance and organizational success. Despite the importance of effective leadership in

enhancing employee performance, many banks in Nigeria continue to experience challenges related to employee productivity, motivation, commitment, and service delivery.

STATEMENT OF THE PROBLEM

The Nigerian banking sector plays a critical role in the economic development of the country by facilitating financial intermediation, mobilizing savings, and supporting business activities. Despite its importance, many banks continue to face challenges related to employee productivity, motivation, commitment, efficiency, and service delivery. These challenges often result in poor job performance, reduced customer satisfaction, and decreased organizational effectiveness.

Leadership style has been widely recognized as a key factor influencing employee performance in organizations. The manner in which managers lead and interact with employees can significantly affect employees' attitudes, behaviour, productivity, and commitment to organizational goals. However, there is no consensus in the literature regarding which leadership style is most effective in enhancing employee performance, particularly within the Nigerian banking sector.

Furthermore, while several studies have examined the relationship between leadership style and employee performance, many have focused on transformational and transactional leadership styles, with limited attention given to the effects of democratic, autocratic, and laissez-faire leadership styles in Nigerian banks. Consequently, empirical evidence on how these three leadership styles influence employee performance in selected Nigerian banks remains inadequate.

It is against this background that this study seeks to examine the impact of democratic, autocratic, and laissez-faire leadership styles on employee performance in selected Nigerian banks, with a view to providing empirical evidence that can assist bank managers in adopting leadership practices that enhance employee performance and organizational effectiveness.

RESEARCH OBJECTIVE

- To examine the impact of Democratic Leadership Style on Employee Performance
- To examine the impact of Autocratic Leadership Style on Employee Performance
- To examine the impact of Laissez-Faire Leadership Style on Employee Performance

RESEARCH QUESTION

1: To what extent does democratic leadership style affects employee performance in Nigerian banks?

2: To what extent does autocratic leadership style affects employee performance in Nigerian banks?

3: To what extent does laissez-faire leadership style affects employee performance in Nigerian banks? **SIGNIFICANCE OF THE STUDY**This study will assist management of banks such as Access Bank Plc, Zenith Bank Plc, and United Bank for Africa in understanding the leadership styles that enhance employee productivity and organizational effectiveness. The findings will help managers identify the most effective leadership approaches for motivating employees, improving workplace relationships, and achieving organizational goals. Furthermore, the study will provide evidence-based recommendations for leadership development and managerial training programs.This study will add to the existing body of knowledge on leadership styles and employee performance, particularly within the Nigerian banking context. It will serve as a reference material for future researchers interested in leadership, organizational behavior, human resource management, and employee performance. The study may also stimulate further research on leadership styles in other sectors of the Nigerian economy.

Furthermore, the study provides empirical evidence, theoretical insights, and methodological guidance that may assist future scholars in developing research frameworks, formulating hypotheses, and conducting similar studies.

SCOPE OF THE STUDY

The study focuses on the impact of democratic, autocratic, and laissez-faire leadership styles on employee performance in selected Nigerian banks, namely Access Bank Bauchi, Zenith Bank Dutse and UBA Abuja.

LITERATURE REVIEW

2.1 CONCEPTUAL REVIEW

2.1.1 Concept of Leadership

Leadership is the process through which an individual influences, motivates, and guides others toward the achievement of organizational goals. According to Yukl (2020), leadership involves influencing others to understand and agree on what needs to be done and how it can be accomplished effectively. Similarly, Robbins and Judge (2022) define leadership as the ability to influence a group toward the achievement of a vision or set of goals. Effective leadership is essential in organizations because it enhances employee commitment, productivity, and organizational performance.

2.1.2 Concept of Employee Performance

Employee performance refers to the extent to which employees successfully carry out assigned responsibilities and contribute to the achievement of organizational objectives. According to Armstrong (2021), employee performance encompasses both the outcomes achieved and the behaviors demonstrated by employees while performing their duties. In the banking industry, employee performance is reflected through productivity, efficiency, quality service delivery, customer satisfaction, target achievement, and overall contribution to organizational goals.

2.1.3 Democratic Leadership Style

Democratic leadership style is a participative approach in which leaders involve employees in decision-making processes and encourage open communication within the organization. Employees are allowed to contribute ideas, suggestions, and opinions before final decisions are made. According to Iqbal et al. (2015), democratic leaders encourage participation and create an environment that enhances teamwork and commitment. This leadership style has been associated with improved employee motivation, job satisfaction, and performance, as employees feel valued and involved in organizational processes.

2.1.4 Autocratic Leadership Style

Autocratic leadership style is a centralized form of leadership in which leaders make decisions independently without consulting subordinates. According to Khan et al. (2015), autocratic leaders retain full authority and expect employees to comply with instructions without input in decision-making. Boehm et al. (2015) noted that this style is often used in situations requiring quick decision-making where consultation is not necessary. However, it may limit employee creativity and participation. Autocratic leaders provide instructions, exercise strict control, and rarely consider employee suggestions (Amanchukwu et al., 2015; Zareen et al., 2015).

2.1.5 Laissez-faire Leadership Style

Laissez-faire leadership style is a hands-off approach where leaders provide minimal supervision and allow employees to make decisions independently. According to Adler and Reid (2008), this leadership style relies heavily on employees' skills, abilities, and self-motivation. Coyle-Shapiro (2013) explained that leaders give full freedom to subordinates to manage their tasks. While this

approach can encourage creativity and independence, it may also result in low coordination, lack of direction, and reduced productivity if employees are not self-disciplined (Martin, 2013; Monzani, 2015).

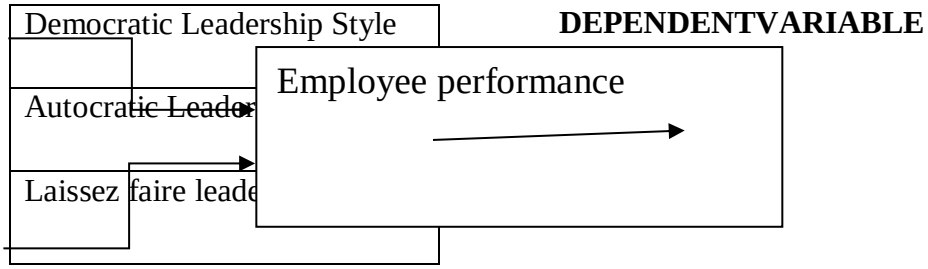
EMPIRICAL REVIEW

Ojokuku, et al. (2012) conducted a research on the Impact of leadership Style on Organizational Performance: A Case Study of Nigeria Banking in Nigeria. he sample size used by the researchers is 60. The study contained twenty of random picked banks in Ibadan, Nigeria. A structured questionnaire was used to collect data from the heads of accountants, heads of operations, and branch managers on face-to-face basis. Inferential statistical tool was used and one hypothesis was formulated to analyse data. Regression analysis was used to study the dimensions of significant effect of leadership style on followers and performance. The findings showed that there was positive and negative correlation between performance and leadership style. There was 23 percent variance of performance found in leadership style jointly predict organizational performance. This study concluded that transformational and democratic leadership styles have positive effect on both performance and followers, and are highly recommended to banks especially in this global competitive environment.

Dalluay & Jalagat (2016) conducted a research on title Impacts of Leadership Style effectiveness of Managers and Department Heads to Employees' job Satisfaction and Performance on Selected Small-Scale Businesses in Cavite, Philippines. The sample size used is 150. Survey questionnaires were designed to study the effects of manager leadership styles on employees' performance and satisfaction. 150 respondents were selected from corporations in Cavite, Philippines through random sampling with Slovin formula wit n = N/(1+Ne2). Data were analysed by using weighted mean, percentages, multiple regression and correlation coefficient. Percentages specifically were used to analyse demographic variables (gender, age, length of service and leadership styles). Weighted mean was used to survey questionnaires on leadership styles, and correlation coefficient and multiple regression were used to study the relationship between variables on leadership style, job performance and job satisfaction. The finding concluded that corporations should constantly making the most of leadership style which enhances employyes performance and employee job satisfactory level even though there is still rooms for improvements.

CONCEPTUAL FRAMEWORK

INDEPENDENT VARIABLES



This leadership encourages innovation, team work, creativity and people are often being engaged in projects that lead to increased performance, job satisfaction and increased productivity (Verba, 2015). Iqbal, et al. (2015) stated that democratic leaders make no suggestions, however they enquire the opinions of others. This leadership promotes all team members to participate to make final decision and develop entire process to reach their goals (Trivisonno & Barling, 2016). One of the major benefit of democratic leadership style is that the process facilitates in development of some additional leaders who can majorly sere the organization and have active involvement on the part of everyone in the team (Armstrong & Taylor, 2014). Democratic leaders encourage and invite team members to play a significant role in the final decision making process but the ultimate power relies in the hands of leaders and he/she guides the team on what to do, how to do, and employees communicate their suggestions, experience and recommendations (Skogstad, 2015).

RESEARCH HYPOTHESES

H1: Democratic leadership style has a significant effect on employee performance in selected Nigerian banks.

H2: Autocratic leadership style has a significant effect on employee performance in selected Nigerian banks.

H3: Laissez-faire leadership style has a significant effect on employee performance in selected Nigerian banks.

RESEARCH GAP

Although numerous studies have examined the relationship between leadership styles and employee performance, several gaps remain in the existing literature. First, most previous studies have been conducted in developed countries and other developing economies such as Malaysia, Pakistan, Indonesia, and Ghana, with limited attention given to the Nigerian banking sector. As a result, the findings of these studies may not adequately reflect the unique organizational culture, leadership practices, and operational environment of Nigerian banks.

Second, many previous studies focused on transformational and transactional leadership styles, while relatively fewer studies have simultaneously examined the effects of democratic, autocratic, and laissez-faire leadership styles on employee performance within the banking industry. This creates a gap in understanding the comparative influence of these classical leadership styles on employee outcomes.

1. RESEARC METHODOLGY

Research Design

This study adopts a quantitative research approach using an explanatory research design. The explanatory design is considered appropriate because it enables the researcher to examine the effect of democratic, autocratic, and laissez-faire leadership styles on employee performance in the Nigerian banking sector. The design facilitates the testing of hypotheses and the establishment of relationships between the independent and dependent variables.

STUDY AREA

The study was conducted in Bauchi State, Nigeria, specifically at Access Bank Plc, Bauchi Branch. The bank was selected because it is one of the major commercial banks operating in Bauchi metropolis and plays a significant role in the financial activities of the state.

Access Bank Plc, Bauchi Branch was considered suitable for this study due to its large workforce and competitive working environment, where leadership styles are expected to have a strong influence on employee performance, productivity, and service delivery.

POPULATION OF THE STUDY

The population of the study comprised all employees of Access Bank Plc, Bauchi Branch, Bauchi State. The workforce includes management staff, senior staff, and junior staff across different departments of the bank.

The total estimated population of employees in Access Bank Bauchi Branch was 240.

Sample Size Determination

The sample size is determined using the Yamane (1967) formula:

$n = N / (1 + N(e^2))$

Where:

n = Sample size

N = Population size

e = Level of precision (0.05)

Therefore:

$n = 240 / [1 + 240(0.05^2)]$

$n = 240 / 1.6$

$n = 150$

Thus, a sample size of 150 respondents is considered adequate for the study.

SAMPLING TECHNIQUE

The study employed a combination of stratified and convenience sampling techniques. The employees of Access Bank Plc, Bauchi Branch were first grouped into different categories (strata) based on their job positions, such as management staff, senior staff, and junior staff. This was done to ensure that each category of employees was fairly represented in the study.

After grouping the employees into these strata, convenience sampling technique was then used to select respondents from each category. This means that only employees who were readily available, accessible, and willing to participate at the time of data collection were selected for the study. This approach was adopted due to time constraints and the ease of reaching respondents within the organization.

Sources of Data

The study utilizes primary and secondary sources of data.

Primary data are obtained through the administration of structured questionnaires to employees of the selected banks.

Secondary data are obtained from textbooks, journal articles, conference papers, theses, and other relevant academic publications relating to leadership styles and employee performance.

Instrument for Data Collection

questionnaire is used as the primary instrument for data collection.

The questionnaire is divided into five sections:

- Section A: Demographic Information
- Section B: Democratic Leadership Style
- Section C: Autocratic Leadership Style
- Section D: Laissez-Faire Leadership Style
- Section E: Employee Performance

The questionnaire is measured using a five-point Likert Scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

DATA COLLECTION

Primary data for this study were collected through the administration of a structured questionnaire. The questionnaire was adapted from established instruments used in previous studies on leadership styles and employee performance (e.g., Northouse, 2022; Robbins & Judge, 2022; Yukl, 2020; Obiwuru et al., 2011). The adaptation ensured that the instrument was suitable for the context of the Nigerian banking sector.

The questionnaire was designed using a five-point Likert scale to measure respondents' level of agreement with each statement. The scale is structured as follows: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. This scale allows respondents to express the intensity of their opinions and provides measurable data for statistical analysis.

The questionnaire was divided into sections covering demographic information, democratic leadership style, autocratic leadership style, laissez-faire leadership style, and employee performance.

Accessibility and Ethical Issue

It is important to have the permission of the involving party before carrying out an investigation hence the researcher came to a consensual agreement with the management and the HR department to ensure no complications arose. Furthermore, There were also issue of trust from the respondents; however, confidentiality was guaranteed to avoid unnecessary issues.

Data Analysis

Quantitative approach was used in this study and it involved using statistical tools to evaluate the collected facts and data. SPSS is the software used in analysing the collected data to gain meaningful conclusions. Data analysis, normality test, reliability test, descriptive analysis and regression analysis was conducted by using SPSS to determine the impact of leadership styles on employee performance

2. RESULTS AND DISCUSSION

Demographic Analysis

Demographic analysis is a technique used to measure age, sex, and racial facts and how it changed overtime through basic demographic process of fertility (births), mortality (deaths) and migration (territorial movements) (Lucas, 2002).

The demographic characteristics of respondents from the selected banks.

The findings show that 69% of the respondents were female while 31% were male. In terms of age distribution, the majority (43%) were between 21–30 years, followed by 34% aged 31–40 years, 20% aged 41–50 years, and 3% aged 51 years and above.

(THE DISTRIBUTION BY BANK)

Bank	frequency	Percentange
Access Bank plc, Bauchi Branch	100	100%
Total	100	100%

Interpretation Table 1

The distribution by bank indicates that 100% of respondents were drawn from Access Bank Bauchi.

Reliability Test

The criteria of Cronbach's alpha for establishing the internal consistency reliability is: Excellent ($\alpha>0.9$), Good ($0.7<\alpha<0.9$), Acceptable ($0.6<\alpha<0.7$), Poor ($0.5<\alpha<0.6$), Unacceptable ($\alpha<0.5$).

Table 3 Cronbach's alpha

Variables	No. of items	Cronbach's alpha value
Overall	21	0.829
Democratic	5	0.902
Autocratic	5	0.769
Laissez-faire	5	0.506
Employee performance	6	0.874

Based on the above table, the overall Cronbach's alpha value is 0.829. This shows that data have a good reliability in internal consistency. Democratic has the highest Cronbach's alpha value (0.902). This shows the highest reliability in internal consistency of 5 questions. Autocratic has the second highest Cronbach's alpha value (0.769) which means that the data is highly reliable. Laissez-faire has the lowest Cronbach's alpha value (0.506) which shows the data has poor reliability. The employee performance in Cronbach's alpha value is 0.874 which also shows that data is highly reliability in internal consistency.

FINDINGS

The study found that democratic leadership style has a significant positive effect on employee performance in Access Bank Plc, Bauchi Branch. Employees perform better when they are involved in decision-making and communication is encouraged.

Autocratic leadership style was found to have a moderate but significant effect on employee performance, particularly in situations requiring strict supervision and quick decision-making.

Laissez-faire leadership style showed a weak and insignificant effect on employee performance due to lack of supervision, guidance, and coordination.

Overall, leadership styles significantly influence employee performance in Access Bank Plc, Bauchi Branch.

CONCLUSION

The study concludes that leadership style is a critical determinant of employee performance in Nigerian banks. Organizations that adopt transformational leadership practices are more likely to achieve higher employee productivity, commitment, and organizational effectiveness.

RECOMMENDATIONS

Bank managers should adopt transformational leadership practices.

Regular leadership training should be organized for supervisors and managers.

Banks should establish effective reward systems to support transactional leadership practices.

Excessive use of laissez-faire leadership should be discouraged.

Employee participation in decision-making should be encouraged.

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