



AUTOCRATIC LEADERSHIP STYLE AND CORPORATE PERFORMANCE IN SELECTED FOOD AND BEVERAGES MANUFACTURING COMPANIES IN SOUTH-WEST NIGERIA

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Abstract: Leadership is a factor in improving organisational performance. However, the role autocratic leadership plays in contributing to the performance of organisations in Nigeria's manufacturing sector had not been sufficiently explored. The leadership style was based on subordinates carrying out orders amid lack of enough requisite skilled labour for production purposes. It was on this basis that this study investigated the effect of autocratic leadership style on the performance of selected food and beverages manufacturing companies in South-West, Nigeria.

The study adopted a survey research design. The questionnaire was used for data collection. Slovin's formula was used for obtaining the sample size. Stratified sampling technique was the basis for classifying the employees into levels - top management, middle management, and low-level workers while simple random sampling was adopted in collecting data from each level. The predictor and outcome variables were measured on a four-point Likert scale that ranged from strongly disagree, 1, to strongly agree, 4.

The results of the study indicated positive effect ($\beta = .712$, $t = 13.428$, $p < 0.05$) of autocratic leadership style on corporate performance. The implication of the results was that autocratic leadership style had the potential to boost the market share of the studied companies. It led to attaining goals in the companies. However, the value of the coefficient of determination, .325, indicated poor predictive ability of the regression model.

Based on the findings of the study, the conclusion was that it was necessary for the studied companies to explore the potential contribution of other leadership styles to performance. This would enable the companies to determine the extent of emphasis to place on individual leadership styles in the process of pursuing corporate goals.

Index Terms - Autocratic Leadership Style, Corporate Performance, Leadership, Leadership Styles, Market Share

I. INTRODUCTION

There are different strategies available to organisations for improving performance. Despite the various options available to organisations, leadership style is considered to be among the most important strategies for improving organisational performance. However, leadership literature indicated the necessity to conduct more studies on the linkage between leadership styles and performance in the manufacturing sector. Leadership studies that investigated how autocratic leadership style affected corporate market share were scanty. Leadership studies are important to organisations because of the necessity to determine the contribution of an adopted style to performance. It is by making such verification that organisations are able to assess their competitive positions in the marketplace. Since food and beverages companies in Nigeria carry out business in competitive environments, it was necessary to determine whether the autocratic style was making contribution to their market shares. Autocratic leadership is a leadership style where a leader gives orders to followers without demanding their inputs and expects them to carry out the orders to the letter in the process of fulfilling assigned tasks.

Order implementation ought to go with having the necessary skills to do so. However, the manufacturing sector in Nigeria had the challenge of lack of enough requisite skilled labour for production purposes which had potential to affect the output of food and beverages companies, customer satisfaction, and consequently the ability to maximize market share. Such a scenario produces consequences for the competitiveness and market position of a firm because skilled labour is important for conducting the business of manufacturing companies. A study by Amegayibor (2021) determined how autocratic leadership impacted on the performance of a manufacturing company in Cape Coast, Ghana. It was indicated in that study that there was insufficiency of leadership studies in the manufacturing sector in African Continent. Thus, this study made contribution to literature by investigating how autocratic leadership style affected the performance of selected companies in a manufacturing sector. The study by Basit et al. (2017) was on 100 employees of a private organisation in Malaysia. It was indicated in the study that a sample of 100 employees from the same organisation would not provide much justification for the finding, relating to the negative impact of autocratic leadership style on performance. Therefore, this study considered it necessary to have a wider scope by investigating how autocratic leadership style affected the market share of food and beverages manufacturing companies in South-West, Nigeria. Scheepers and Storm (2019) indicated that organisations show interest in improving their products and processes as well as in searching for opportunities that would improve and maintain their market positions.

1.1 Objective and Research Question of the Study

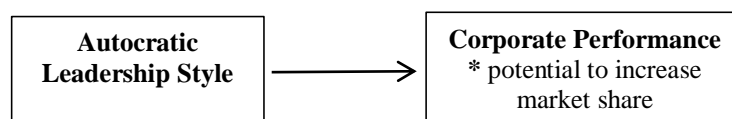
The objective of this study was to investigate the effect of autocratic leadership style on the performance of food and beverages manufacturing companies in South-West Nigeria. The research question of the study is: did autocratic leadership style have effect on the market share of food and beverages manufacturing companies in South-West, Nigeria?

1.2 Hypothesis and Conceptual Framework of the Study

The following hypothesis was tested at .05 level of significance:

H₀₁: Autocratic leadership style has no significant effect on the market share of food and beverages manufacturing companies in South-West, Nigeria.

Figure 1: Conceptual framework of autocratic leadership style and performance



Source: Researcher, 2023

The independent variable in figure 1, autocratic leadership, was based on: lack of subordinates' participation in decision making, giving orders amid lack of enough requisite skilled labour, giving orders and emphasizing the importance of attaining goals, giving orders and placing employees on jobs they are qualified to do, assigning tasks without explaining future intentions. The dependent variable, corporate performance, was based on market share.

1.3 Model of the Study

Model specification for the relationship between performance and autocratic leadership style is given by:

$$Y = \alpha + \beta AL + \varepsilon \quad \dots\dots\dots (1)$$

Where: Y = Performance

α = Y-intercept

AL = Autocratic leadership style

β = Coefficient of autocratic leadership style

ε = Standard error of the estimate

II. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Performance

Organisations use various metrics to assess performance. Measures of performance include financial measures such as sales volume and profit while non-financial measures include job satisfaction, corporate image. Market share, the measure of performance in this study, is a metric that measures the percentage control a company has in a product market relative to other competitors. That is to say, the ratio of a company's total sales to industry total sales at a specified time. Assessing a company's market share not only enables the company to gauge its position in the marketplace relative to other competitors, it also enables it to determine the contribution of group effort to business expansion given that the size of its market share maintains positive relationship with its profit.

2.1.2 Autocratic Leadership Style

The autocratic leader controls all decisions and allows very little input from other group members (Cherry, 2023). It is the desire to allow subordinates little or no input in decision making that makes the leadership style autocratic. Harness (2018) stated that autocratic leaders are known for dictating to workers what to do in their jobs based on specific instructions. Decisions made are communicated to subordinates for prompt implementation. Situations requiring autocratic leadership include when there is little time for group decision making and there is need for quick and decisive decision; and where the leader is the most knowledgeable member of the group (Cherry, 2023).

2.2 Theoretical Review

2.2.1 Theory X

McGregor (1957) formulated Theory X and Theory Y. The theory explained how managers' beliefs about the behaviour of people in the workplace affect their managerial styles (Galani & Galanakis, 2022). However, this study placed emphasis on theory X because, essentially, theory X management style represents autocratic leadership while theory Y style is democratic. Managers' assumptions about people's behaviour make them to adopt theory X style or theory Y style. Theory X is based on the proposition that managers are likely to supervise their subordinates closely if they believe that their subordinates dislike work and will avoid it whenever possible. Theory X managerial style and autocratic leadership are associated with centralisation of authority in workplaces. Subordinates of a theory X manager or an autocratic leader exercise little or no

discretion in carrying out assigned tasks thereby discouraging innovation. Theory X has been criticised because of the pessimistic assumptions on workers. The theory fails to consider leadership ability to change worker behaviour through motivation (Gannon, 2013).

2.3 Empirical Review

2.3.1 Autocratic Leadership and Performance

Basit et al. (2017) studied the impact of leadership style on the performance of employees of a private organisation in Selangor, Malaysia. Convenience sampling technique was used to study 100 employees of the organisation. Descriptive and inferential statistics were used for data analysis. It was reported that autocratic leadership style had negative impact on performance ($\beta = -.154$, $t = -.274$, $p > .01$). This indicated that autocratic leadership style was not reliable in increasing the market share of the studied organisation. Recommendations relating to this result was that leadership of organisations in Malaysia should not make use of autocratic leadership style in order to be competitive in the business environment. The sampled employees might not adequately represent the employees of the organisation due to convenience sampling technique adopted by the study. Furthermore, there was need for future studies to be based on employees of selected companies.

The study by Chua et al. (2018) adopted a casual research design based on non-probability convenience sampling technique to study “leadership style and its impact on employee performance.” The sample size was two hundred and fifty middle management employees of Klang Valley, Malaysia. Regression technique was adopted for data analysis. The outcome of the study was that autocratic leadership style had significant and positive impact on performance ($\beta = .200$, $t = 2.861$, $p < .05$). This indicated that autocratic leadership style was useful in increasing the market share of the organisation. The conclusion of the study was that autocratic leadership was useful in the short term and the study’s recommendation was that organisational leaders should provide clear directions to their subordinates to enhance their ability to achieve goals. Convenience sampling technique adopted by the study did not give the respondents equal chance of participating in the study. So, there was need for future studies to adopt a probability sampling technique that would guarantee adequate representation of the employees.

The study by Amegayibor (2021) was on the effects of leadership styles on the performance of employees of a manufacturing company in Cape Coast. Quantitative approach that involved multiple regression analysis was used to study 400 employees of the company. The results revealed that autocratic leadership had positive effect on performance ($\beta = .135$, $t = 2.646$, $p = .008$). This implied that it had potential to yield increases in market share. It was stated that the implications of this finding was that autocratic leadership style resulted in error reduction and quality work. There was need for future studies to adopt a sampling technique that would produce a more representative sample. There was need for conducting future research in selected manufacturing companies.

A study by Olayisade and Awolusi (2021) had the objective of determining how leadership styles affected performance. A survey design was adopted in studying 93 employees of the Nigerian oil and gas industry. Quantitative approach that used multiple regression analysis was adopted by the study. The results showed negative effects of autocratic leadership style on employees’ performance ($\beta = -.001$, $t = -.013$, $p > .05$). This meant that autocratic leadership style did not have potential for contributing to increasing the market share of the industry. It was reported that organisations should give adequate consideration to leadership styles and employee needs in order to increase the chances of effective performance.

The study by Hassnain (2022) investigated the impact of autocratic leadership style on the performance and motivation of public and private sector employees in Pakistan. The study used a survey design. The study found that autocratic leadership style had positive impact on employee performance ($\beta = .02$, $p < .05$). This indicated that autocratic leadership style played a role in increasing organisational market share. It was reported in the conclusion of the study that autocratic leadership style negatively affected the morale of the employees implying a tendency for the positive impact on performance to increase where the organisation put measures in place to improve employee morale.

III. RESEARCH METHODOLOGY

This study adopted a survey research design. This was because sampled data were collected from a large population. Inferential statistics was adopted for data analysis. Simple regression analysis was the basis for testing the hypothesis of the study and reaching a conclusion. The population of the study consisted of 6,041 employees of seven manufacturing firms in the food and beverages industry in South-West, Nigeria comprising Lagos, Oyo, Ogun, Osun, Ondo, and Ekiti States. The population subjects were top management, middle-level management, and low-level workers. Slovin's formula was used in computing the sample size of the study. Slovin's formula provides sample size, n , for a known population size, N , and error margin, e (Sciencing, 2020). The formula is given by:

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

Where: n = sample size of a large target population

$$n = 6,041/[1 + 6,041(0.0025)] = 6,041/1 + 15.1025 = 6,041/16.1025 = 375$$

This study allowed 5 percent margin of error. The number of questionnaire distributed was 506. It was necessary to increase the number in order to guard against non-response (Taherdoost, 2017). However, data analysis was based on 75 percent response rate. Stratified sampling technique in classifying the employees into levels - top management, middle management, and low-level workers. Employees in each level had homogeneous characteristics and the sum of each level equals the sample size of the stratum. Simple random sampling was used to collect data from each level. The structured questionnaire for data collection contained construct items designed by the researcher. The questionnaire contained statements for autocratic leadership style and statements for company performance. The dependent variable of this study is performance, defined by potential to increase market share, while the independent variable is autocratic leadership style. The variables were measured on a four-point Likert scale where: strongly disagree = 1, disagree = 2, agree = 3, and strongly agree = 4.

IV. RESULTS AND DISCUSSION

4.1 RESULTS

Table 1: Autocratic Leadership and Corporate Performance ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	114.677	1	114.677	180.313	.000 ^b
Residual	238.495	375	.636		
Total	353.172	376			

a. Dependent Variable: Y

b. Predictors: (Constant), AL

Source: Author's Computation, 2023

The ANOVA presented in Table 1 indicates that the null hypothesis of this study is rejected at .05 level of significance [F(1,375) df = 180.313, $p < 0.05$].

Table 2: Unstandardized and Standardized Coefficients of Autocratic Leadership Regression Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.875	.117		7.483	.000
	AL	.712	.053	.570	13.428	.000

a. Dependent Variable: Y

Source: Author's Computation, 2023

From Table 2, the test of hypothesis for the value of the constant and the coefficient of autocratic leadership indicates that the constant is significant ($t = 7.483, p < 0.05$) as well as the coefficient of autocratic leadership ($t = 13.428, p < 0.05$). Therefore, equation (1),

$Y = \alpha + \beta AL + \varepsilon$, can be rewritten as:

$$Y = .875 + .712AL \dots\dots\dots (2)$$

where Y represents corporate performance defined by potential to increase market share, and AL represents autocratic leadership style. This result indicates that autocratic leadership style has positive effect on corporate performance.

Table 3: Model Summary of the Effect of Autocratic Leadership on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.570 ^a	.325	.323	.79749	.325	180.313	1	375	.000

a. Predictors: (Constant), AL

Source: Author's Computation, 2023

The model summary of the effect of autocratic leadership on corporate performance presented in Table 3 indicates that variation in autocratic leadership style explained 32.5 percent variation in performance. This indicates that autocratic style exhibits poor predictive ability. The predictive ability of a regression model increases as the coefficient of determination approaches 100 percent (Lind et al., 2015).

4.2 Discussion of Findings

The aim of the study was to determine how autocratic leadership style influenced performance in corporate beverages organisations in South-West Nigeria. The finding has established that autocratic leadership style produced positive effects on the performance of food and beverages manufacturing companies of South-West Nigeria. The coefficient of determination indicates that variation in autocratic leadership style explained 32.5 percent variation in corporate performance. This implies that increases in the application of autocratic leadership style had potential to improve the market shares of the studied companies.

A number of previous studies investigated how autocratic leadership style affected performance and have reported similar findings compared to the findings of this study (Chua et al. 2018; Amegayibor, 2021; Hassnain, 2022). Chua et al. (2018) studied autocratic leadership style in relation to its influence on the performance of middle management employees of Klang Valley, Malaysia. The results of the study revealed that autocratic leadership style had significant and positive impact on performance, Amegayibor (2021) studied how autocratic leadership style affected the performance of employees of a manufacturing company in Cape Coast. The results showed positive effect of autocratic leadership style on performance. The study by Hassnain (2022) had the aim of determining the how autocratic leadership style impacted on the performance and motivation of public and private sector employees in Pakistan. The results indicated that autocratic leadership style had positive impact on employee performance. The positive effects of autocratic leadership style on performance reported by these studies suggest that autocratic leadership had potential to increase the market shares of the organisations.

V. CONCLUSION

This study found that autocratic leadership style had the potential to increase corporate performance defined by the market shares of the studied companies. This implies that it was a reliable leadership style for providing direction and attaining goals in the companies. However, the 32.5 percent variation in potential to increase market share that it explained indicated poor predictive ability of the style. The predictive ability of a regression model increases as the coefficient of determination approaches 100 percent (Lind et al., 2015). It is, therefore, necessary for future research to incorporate more leadership styles into the model of this study in order to determine their individual and collective contributions to performance. This would enable the companies to determine the extent of emphasis to place on individual leadership styles in the process of pursuing corporate goals.

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