

Democratic Leadership and Employee Performance: Moderating Role of Length of Employment

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ABSTRACT

Every organization's core is its employees' performance, which is influenced by various elements. Leadership style in particular has a significant impact on employee performance. The purpose of this study is to identify the impact of democratic leadership style on employee performance along with the moderating role of length of employment in this relationship. Through a systematic analysis of existing research, this paper highlights the positive effects of democratic leadership on various aspects of employee performance. It develops a simple regression model, assesses the dummy indicator regression of the variables used, draws upon a comprehensive review of scholarly literature and discusses the results of the analysis which indicate that democratic leadership has a positive and significant impact on employee performance. The emphasis on motivation, communication, and participative behavior that results from managers adopting a democratic leadership style raises employee performance levels. Similarly, length of employment plays significant moderating role in democratic leadership's impact on employee performance. This paper concludes with a number of theoretical and practical implications, suggestions for managers and policymakers, and lays the groundwork for future academics to conduct a more thorough investigation.

1. INTRODUCTION

In today's fiercely competitive business landscape, the pursuit of organizational success hinges significantly on the performance of its workforce. Employee performance serves as the heartbeat of every organization, driving productivity, innovation, and ultimately, strategic outcomes. For some decades now, how leadership impacts on employee performance has gained prominence

among academics and practitioners working in the area of leadership (Khajeh, 2018; Bhargavi & Yaseen, 2016; Igbaekemen & Odivwri, 2015; Giambatista, 2004; Rowe et al., 2005). Employee performance refers to the level of effectiveness, productivity, and contribution that an individual employee makes to an organization. It is a multifaceted concept that goes beyond simply measuring output and considers various factors such as job

knowledge, skills, abilities, work attitude, and overall behavior in the workplace. Given this, it should come as no surprise that academic studies have concentrated on a number of variables that influence how well employees perform. This is premised on the notion that a style of leadership of an organization has a correlation with employee performance (Rowe et al., 2005). The style of leadership adopted is considered by some researchers to be particularly important in achieving organizational goals, and in evoking performance among subordinates (Sadia & Aman, 2018; Klein et al., 2013; Berson et al., 2001; Zacharatos et al., 2000; Barling et al., 1996). Khajeh (2018) and Bhargavi & Yaseen (2016) in their study on leadership and employee performance suggest that the role of leadership is critically important for an organization to achieve a high level of employee performance. Grant's research highlights the significance of empowering leadership behaviors, which closely align with democratic leadership principles. His studies suggest that leaders who empower their employees by involving them in decision-making processes and providing autonomy tend to foster a culture of innovation, creativity, and high performance (Grant, 2013). Heskett's (2011) research on high-performance organizations underscores the role of leadership styles in driving employee engagement and performance. His findings suggest that leaders who adopt a participative leadership approach, tend to cultivate a culture of ownership, accountability, and continuous improvement, resulting in superior organizational performance (Heskett, 2011). When workers are governed democratically, they are happier in their jobs. An increasing amount of research on DL and EP suggests that employee performance can be significantly impacted by democratic leadership.

Various studies demonstrate how the democratic leadership style affects employees' performance inside an organization in different ways. Weber (2009) determined that the democratic

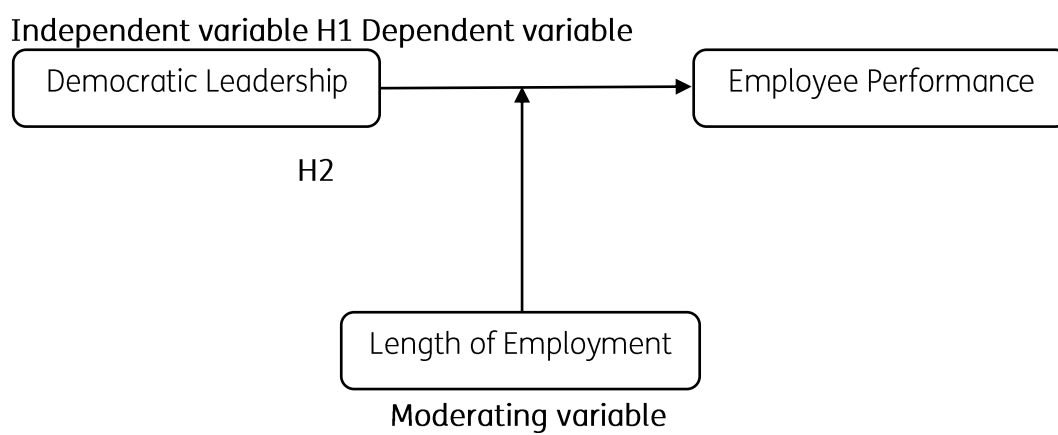
form of leadership is the most effective. Liden et al. (2008)'s study examines the relationship between democratic leadership and employee performance, in which democratic leadership positively influences employee performance by promoting a supportive work environment and facilitating employee growth and development. Yukl and Van Fleet (1992) conducted research on leadership effectiveness and found that democratic leadership may not always be the most effective approach in all organizational contexts. They argue that in situations requiring strong direction, such as during times of crisis or when employees lack expertise or motivation, an autocratic or directive leadership style may yield better performance outcomes. So, the result is inconclusive and managers often get confused about whether to adopt a democratic leadership style or not. So, the question arises, does there exist any relationship between democratic leadership and employee performance? In light of this, further investigations may contribute to analyzing the degree of impact of democratic leadership on the employee performance.

This study contributes to the literature in a multitude of ways. First, this study adds to the existing literature in the field of leadership styles and Employee Performance. According to Weber (2009), employees will be more successful if the task is well-structured and the leader has a solid relationship with them. His research also demonstrated that democratic leaders take great care to include all members of the team in conversation and can work with a small but highly motivated group. Second, this study helps managers and leaders understand the degree to which democratic leadership style influences employee performance. An organization's leadership style is seen to have a direct impact on the connection between superiors and employees, influencing performance, job satisfaction, and overall organizational coherence (Michael, 2011). Third, this study extends previous work in this area by proposing a novel, integrated model of

employee performance in the workplace. In today's rapidly changing business environment, effective leadership is essential for navigating uncertainty and driving organizational change. Research papers on democratic leadership help organizations adapt to evolving challenges by providing evidence-based insights into leadership strategies that promote resilience, flexibility, and responsiveness (Deci et al., 2017).

Weber (2009) showed a positive relationship between democratic leadership and employee performance, his research also demonstrated that democratic leaders can effectively manage a small but highly motivated team and take great effort to include all team members in discussions. Thus, the following theoretical framework is developed.

Figure 1: Conceptual Framework



Source: Modified from Rowe et al. (2005)

1.1 LITERATURE REVIEW AND HYPOTHESIS
1.1.1 DL AND EP

Rotundo and Rotman (2002) defined that job performance was defined as actions that contribute to organizational goals and that are under the individual's control. According to Otley (1999) performance in organizations can be separated in organizational performance and job performance. Employee performance is also known as job performance. Otley (1999) also stated that, the performance of organization depends on the performance of employees (job performance) and other factors such as the environment of the organization.

A good employee performance is necessary for the organization, since an organization's success depends on the employee's creativity, innovation and commitment (Ramlall, 2008). Macky and Johnson (2000) pointed that improved individual employee performance could

also improve organizational performance as well. According to this, the researcher can say that performance of individual contributes to departmental success and consequently departmental success determines the organizational success. Therefore, individual performance is highly important for an organization as a whole. Then, Armstrong (2014) stated that performance is concerned with how well something is done and reward is with how people should be recognized for doing it. Griffin et al., (1981) posited that good job performances and productivity growth are important in stabilizing the economy; by means of improved living standards, higher wages, an increase in goods available for consumption, etc. According to Hunter and Hunter (1984) crucial in a high job performance is the ability of the employee himself. The employee must be able to deliver good results and have a high productivity. According to Sinnented and

Frese (2002) individual performance is a core concept within work and organizational psychology. According to Armstrong (2014) performance is defined as behavior that accomplishes results. Performance management influences performance by helping people to understand what good performance means and by providing the information needed to improve it. Reward management influences performance by recognizing and rewarding good performance and by providing incentives to improve it. Therefore, Employee performance refers to the level of effectiveness, productivity, and contribution that an individual employee makes to an organization.

Democratic leadership, also referred to as participative leadership, is a type of leadership style in which members of the group take a more participative role in the decision-making process. This style of leadership dwells on performance and people (Bhargavi & Yaseen, 2016; Puni et al., 2014). Democratic leadership style encourages employees to participate in the decision making process of the organization (Nwokocho & Iheriohanma, 2015). According to Puni et al. (2014), decision making in a democratic system is not centralized and high performance is recognized and rewarded. The leader discusses with subordinates before he issues general or broad orders from which subordinates feel free to act on (Bhargavi & Yaseen, 2016). The superior allows the subordinates opportunity to use their initiative and make contributions.

Ojokuku, et al. (2012) conducted research on the Impact of leadership Style on Organizational Performance: A Case Study of Nigeria Bank in Nigeria. The 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.

Akram, et al. (2012) conducted a research title How Leadership Behaviours Affect Organizational Performance in Pakistan. Sample size used by the researchers is 1000, where 500 questionnaires were distributed to managers and another 500 to employees of various private and public sector companies in 66 cities through random selection. Non-probability sampling technique is used in this study. Two questionnaires were designed for managers and employees. Questions were related to leadership behaviours and organizational performance. Five-point Likert scale was applied. Correlation analysis and regression analysis were applied to analyse the relationship and the effect of leadership behaviours on performance. SPSS version 16 was used to analyse the reliability of questions, and the reliability was checked in term of Cronbach's Alpha. The findings concluded that leadership behaviours are interrelated and have high positive impact with employee performance.

Coupling the observations mentioned above, this study presents the following hypotheses:

H1: Employees' Performance is positively associated with democratic leadership.

H2: The length of employment would be moderating the impact of democratic leadership on employee performance in finance companies in Nepal.

2. METHOD

2.1 POPULATION AND SAMPLE

There are 17 finance companies in Nepal which is the population for this study. Out of these finance companies, 7 companies were taken as sample for the study through simple random sampling. The questionnaires have been distributed to 100 respondents of the selected banks in total.

After excluding missing data, responses of 88 out of the 100 respondents were included in the study for analysis. Among the respondents, 62.5% were male and 37.5% were female. Similarly, 13.70% of the respondents belonged to the age group 22-26 years, 6.80% of respondents belonged to age group 18-22 whereas the rest 79.50% were above 26 years of age. The respondents with bachelor degree were 28.40% and those with master degree were 71.60% and respondents having experience of above five years (51.10%) were higher than respondents with experience of less than two years (13.60%) and between two to five years (35.30%).

2.2 MEASURES

All substantive variables were assessed using a 5-point Likert-type scale (1 = Strongly disagree; 2=Disagree; 3= Neutral; 4= Agree and 5 = Strongly agree).

2.3 DL

The DL scale developed by Grant (2013) was used for this study. The scale contains three dimensions which include participatory behavior, motivation and communication. Participatory behavior includes three items. Sample items: "inclusion of employees in decision-making"; "emphasis on group effort and team spirit". Motivation includes four items. Sample items: "rewards and incentives"; "scope for use of creativity and initiative". Communication includes three items. Sample items: "two-way communication"; "maintenance of sound relationship". The coefficient of alpha was 0.837.

2.4 EP

The EP scale developed by Ojokuku et al. (2012) was used for this study. The scale contains dimensions which include quality and quantity of work,

communication skills and Fair Evaluation. Fair Evaluation includes sample items: "fair and consistent evaluation"; "enough guidance from supervisor". Quality and quantity of work includes sample items: "current workload"; "peer recognition"; "innovation"; "resource utilization". Communication skills includes sample items: "adaptability in communication"; "feedback reception and integration". The coefficient of alpha was 0.80.

2.5 CONTROL VARIABLES

Spector and Brannick (2011) and Atinc et al. (2012) discussed the appropriate use (and potential misuse) of control variables in non-experimental research. They recommended that before using any extraneous control variables, previous findings and theory should be considered. Therefore, this study controlled for length of employment in years as according to Psychological Exchange Theory by Montes et al. (2015), Long-tenured employees, having an established psychological contract, expect fair treatment, involvement in decisions, and career advancement, leading to improved performance under democratic leadership. Respondents having experience of above five years (51.10%) comprised more than half of the respondents while respondents with experience of less than two years were 13.60% and between two to five years were 35.30%.

2.6 RESEARCH DESIGN AND DATA ANALYSIS TOOLS

A correlational research design was adopted to assess the relationship between DL and EP in Nepalese commercial banks to achieve the first research objective in which regression analysis was performed. The collected data were analyzed by using IBM SPSS statistics version 27. Under the correlation analysis, Pearson correlation coefficient and simple linear regression analysis were performed. Pearson's 'r' has been calculated to test the first hypothesis. Similarly, dummy variable regression analysis was performed to test whether

length of employment is moderating the relationship between DL and EP.

3. RESULTS
3.1 DESCRIPTIVE STATISTICS AND INTERCORRELATIONS

Table 1 presents the descriptive statistics and correlations. As expected, DL

was significantly related to EP. In particular, DL ($r = 0.716, p < 0.01$) was highly and positively correlated with employee performance. Similarly, the mean of DL and EP are 3.79 (SD=0.63) and 3.68 (SD= 0.72) respectively. The implications for this are shown in the discussion section.

Table 1: Descriptive Statistic

	Mean	SD	DL	EP
DL	3.79	0.63	1	
EP	3.68	0.72	0.716**	1

**Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

As indicated by the results in Table 1, democratic leadership has a positive relationship with employee performance and the relationship is significant at 0.01.

3.2 IMPACT OF DEMOCRATIC LEADERSHIP ON JOB SATISFACTION

To achieve the first research objective and test the first research

hypothesis, a simple regression model was used; the results are presented in the following tables:

The results of the coefficient of multiple determinations (R square) are presented in Table 2. This shows the total variation in EP explained by DL.

Table 2: Variation in EP explained by DL

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716	.513	.507	5.02939

a. Predictors: (Constant), Democratic Leadership

b. Dependent Variable: Employee Performance

Source: SPSS Output

As shown in Table 2, the value of the coefficient of multiple determination is 0.513. This implies that the variation in EP that can be explained by DL is 51.3%.

For the goodness-of-fit of regression analysis, an analysis of variance test was made. The results of this test are presented in Table 3.

Table 3: Goodness of Fit of Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2288.102	1	2288.102	90.457	.000 ^b
	Residual	2175.353	86	25.295		
	Total	4463.455	87			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Democratic Leadership

Source: SPSS Output

As indicated in Table 3, the alternative hypothesis was accepted since the p-value

was significant (0.000). This implies that DL contributes to the EP.

The constant value and regression coefficients for the analysis of regression were calculated; the results of those values are presented in Table 4.

Table 4: Regression Analysis of DL on EP

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.871	3.293		1.783	.078
	Democratic Leadership	.815	.086	.716	9.511	.000

a. Dependent Variable: Employee Performance

Source: SPSS Output

As indicated in Table 4, the degree of impact of democratic leadership on employee performance is significant since p-value (0.000) is less than 0.05. The regression equation of democratic leadership on Employee Performance in line with the equation $Y = a + bX$ is given by:

$$\text{Employee Performance} = 5.871 + (0.815) \text{ Democratic Leadership}$$

Where,
 $Y =$ Dependent Variable (Employee Performance)

$X =$ Independent Variable (Democratic Leadership)
 $a =$ Constant (5.871)
 $b =$ Slope of Regression Line (0.815)

3.3 MODERATING ROLE OF LENGTH OF EMPLOYMENT ON IMPACT OF DEMOCRATIC LEADERSHIP ON EMPLOYEE PERFORMANCE

To test whether length of employment is playing moderating role on impact of democratic leadership on employee performance, dummy or indicator variable regression analysis was performed. The results on this are presented in subsequent tables.

Table 5: Variation in Employee Performance explained by DL (length of employment wise)

Length of employment	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Less than 2 years	1	.316 ^a	.100	.018	6.81319
Between 2 to 5 years	1	.788 ^a	.621	.607	3.93047
Above 5 years	1	.744 ^a	.553	.543	5.13410

a. Predictors: (Constant), Democratic Leadership

Source: SPSS Output

As shown in table 5, the values of coefficient of multiple determination for length of employment less than 2 years, between 2 to 5 years and above are 0.100, 0.621 and 0.553 respectively. This implies that the variation in length of employment

explained by DL and EP is different in different level of length of employment.

For the goodness-of-fit dummy regression analysis, analysis of variance test was made. The results of this test are presented in Table 6.

Table 6: Goodness of Fit of Regression

Length of employment	Model		Sum of Squares	df	Mean Square	F	Sig.
Less than 2 years	1	Regression	56.462	1	56.462	1.216	.294 ^b
		Residual	510.615	11	46.420		
		Total	567.077	12			
Between 2 to 5 years	1	Regression	707.306	1	707.306	45.785	.000 ^b
		Residual	432.560	28	15.449		
		Total	1139.867	29			
Above 5 years	1	Regression	1403.806	1	1403.806	53.257	.000 ^b
		Residual	1133.438	43	26.359		
		Total	2537.244	44			

a. Dependent Variable: EP

b. Predictors: (Constant), DL

Source: SPSS Output

As indicated in Table 6, the alternative hypotheses were accepted since p-values were significant in length of employment of, between 2 to 5 years (0.000) and above 5 years (0.000)- of employees and is rejected in length of employment of less than 2 years. This implied that there was significant difference between length of employment when it came to democratic leadership to have impacted the employee performance. This showed the length of employment as a moderating variable on the impact of democratic leadership on employee performance.

3.4 TEST HYPOTHESES

The study had proposed to test two different hypotheses. They were tested based on simple and dummy variable regression models.

H1: Employees' performance is positively associated with democratic leadership.

For testing the first hypothesis, a simple regression model was performed. The regression equation of DL on EP showed that DL has a significant positive impact on EP. This confirmed the proposed hypothesis.

H2: The Length of employment would be moderating the impact of democratic leadership on employee performance in finance companies in Nepal.

Referred to Table 6, the length of employment was moderating the impact of DL on EP, which accepted the proposed hypothesis.

4. DISCUSSION

This study explored the relationship between democratic leadership and employee performance. This study furthermore focused on the potential underlying role of length of employment as moderating variables in the relationship between democratic leadership and employee performance. As per the expectation, a significant positive relationship was found between DL and EP. This supports Iqbal, et al. (2015) that stated under the influence of democratic leadership employees to some extent has discretionary power to do work that leads to a better performance. Therefore, democratic leadership produces more motivated employees that eventually leads to an increased performance. Dahl (1989) and Fishkin (1991) proclaimed that democratic leadership influences people in a manner consistent with the basics of democratic principles and processes, such as deliberation, equal participation, inclusiveness and self-determination (Gastil, 1994). Democratic leaders foster an environment at work that is more positive by encouraging open communication and accepting criticism (Bass, 1999). This demonstrates that when managers

converse with staff members in both directions, providing them with praise and criticism when necessary and being receptive to their suggestions for improvement, workers are happier at work and perform better. Study by Avolio, Walumbwa, & Weber (2009) found that democratic leadership fosters a climate of trust, empowerment, and collaboration, which are conducive to higher levels of employee engagement and commitment. This increased engagement leads to greater motivation and discretionary effort among employees, ultimately resulting in improved performance outcomes. Furthermore, democratic leaders involve employees in decision-making processes, providing them with a sense of ownership and responsibility over their work, which enhances employee performance and productivity (Eisenbeiss & van Knippenberg, 2015). Additionally, democratic leadership promotes open communication and feedback exchange, allowing for the identification and resolution of problems more efficiently, thereby facilitating better performance outcomes (Sosik & Cameron, 2010). Overall, the participative and inclusive nature of democratic leadership cultivates a supportive work environment that empowers employees and motivates them to perform at their best (Avolio et al., 2009). Indeed, the discussions provided robust support for the proposed hypothesis that democratic leadership is positively associated with employee performance.

The confirmation of the second hypothesis revealed that the duration of employment moderates the association between democratic leadership and employee performance. This suggests that the positive correlation between democratic leadership and employee performance varies among employees with differing lengths of tenure. In essence, the length of employment among employees influences the connection between democratic leadership and employee performance. A study by Breevaart et al. (2014) found that longer-tenured employees may benefit more from democratic leadership styles compared to newer employees. This is

because longer-tenured employees have had more time to develop trust and rapport with their leaders, making them more receptive to participative decision-making and empowerment. As a result, democratic leadership may have a stronger positive impact on the performance of longer-tenured employees compared to newer employees. This indicates that the length of employment can enhance the effectiveness of democratic leadership in improving employee performance. Additionally, research by Erdogan et al. (2012) suggests that longer-tenured employees may have a deeper understanding of the organization's culture, values, and goals. As a result, they may be more aligned with the democratic leadership style, which emphasizes employee involvement and shared decision-making. This alignment can lead to higher levels of job satisfaction, commitment, and performance among longer-tenured employees under democratic leadership. Furthermore, a study by Wang et al. (2018) found that longer-tenured employees may possess greater job knowledge and skills acquired over time, allowing them to effectively navigate complex decision-making processes facilitated by democratic leadership. Overall, these findings highlight the positive influence of length of employment as a moderating factor in enhancing the impact of democratic leadership on employee performance. Employees with longer tenure often exhibit higher levels of organizational commitment and loyalty. These employees are more invested in the success of the organization and may be more receptive to leadership approaches that prioritize employee voice and empowerment (Meyer & Allen, 1991). Research suggests that longer-tenured employees are less likely to have turnover intentions compared to newer employees. This stability in employment can lead to higher levels of job satisfaction and engagement, which in turn positively influence employee performance under democratic leadership (Hausknecht et al., 2009). Employees with longer tenure may develop a sense of entitlement or

complacency, expecting special treatment or avoiding challenging tasks. This attitude can undermine their performance under democratic leadership, which emphasizes active participation and accountability (DeRue et al., 2011). This finding by (DeRue et al., 2011) might be because of the fact that long-tenured employees may develop cynicism or burnout over time, particularly if they perceive democratic leadership as superficial or insincere. This disillusionment can erode trust in leadership and diminish employee motivation and performance. Hence, this study not only explores the relationship between democratic leadership and employees' performance, but also determines the degree of relationship between the two variables along with the moderating role of length of employment along with assessment of related literatures.

5. THEORETICAL IMPLICATIONS

This research adds several novel concepts to the body of current literature. First and foremost, there is a gap in the literature concerning research that distinctly highlights the influence of democratic leadership on employee performance. Prior studies have primarily concentrated on leadership styles in a broader sense and their effects on employee performance (Macky and Johnson, 2000). Therefore, this research helps in closing the existing research gap by introducing the specific dimensions of democratic leadership such as participative decision-making, open communication, equality and fairness, accountability and motivation. This study thus acknowledges the varying perspectives of the previous researchers such as (Armstrong, 2014; Otley, 1999). As a result, it seeks to offer clearer insights amidst the conflicting findings in research, aiming to enhance comprehension and clarity for a better understanding of democratic leadership.

Secondly, this study suggests a new, comprehensive model of employee performance in the workplace. This is a significant theoretical implication since it

contributes to a more complex comprehension of employee performance and functions of democratic leadership in increasing employee engagement, empowerment and autonomy, recognition and appreciation fostering employee performance.

Thirdly, democratic leadership research extends our understanding of organizational behavior by exploring the relationship between leadership styles and employee attitudes and behaviors (Avolio & Yammarino, 2013). It sheds light on how democratic leadership practices influence employee perceptions of fairness, trust in leadership, and organizational commitment. Furthermore, studies on democratic leadership contribute to the literature on employee voice and participation by investigating how leadership behaviors affect employees' willingness to contribute ideas, provide feedback, and engage in proactive behaviors (Morrison, 2011).

Lastly, this study specifically examines the degree to which the democratic leadership style has an impact on worker performance, going beyond the study of the roles of leadership styles in employee performance. A more thorough foundation for future study in this field is provided by considering the moderating variable, length of employment, in order to comprehend the variations in the degree of impact of democratic leadership style on employee performance across various employee demographics.

6. PRACTICAL IMPLICATIONS

The results of this study offer valuable insights for managers seeking to implement beneficial changes in their approaches and within their organizations. The research suggests that managers should prioritize fostering employee participation and engagement in decision-making procedures. Furthermore, democratic leadership has been associated with improved employee performance across various aspects. Under this leadership style, employees tend to exhibit greater initiative, innovation, and dedication

to organizational objectives. They are more inclined to take ownership of their work, engage in proactive problem-solving, and contribute to innovation and continuous enhancement initiatives. Firstly, Organizations can develop leadership training programs focused on democratic leadership principles. These programs can help managers and supervisors understand the importance of shared decision-making, open communication, and employee empowerment in driving performance outcomes. Secondly, encouraging and facilitating employee involvement in decision-making processes can enhance job satisfaction, motivation, and performance. Organizations should create platforms for employees to provide input, share ideas, and participate in problem-solving initiatives. Implementing long-term leadership development initiatives that emphasize the principles of democratic leadership can have lasting effects on organizational culture and performance. Investing in the development of future leaders who embody democratic values can contribute to sustained success and growth. Enhancing communication channels within the organization is crucial for promoting democratic leadership. Leaders should prioritize transparent communication, actively listen to employee feedback, and create opportunities for open dialogue to foster trust and collaboration. This study additionally recommends that managers to practice transparent performance evaluation. Ensuring that performance evaluation processes are transparent and inclusive, with clear criteria and feedback mechanisms by involving employees in setting performance goals and regularly review progress fosters accountability and alignment which leads in increased employee performance. Furthermore, managers are advised to recognize and celebrate employee contributions and achievements publicly to reinforce the value of their input and efforts and also implement reward systems that recognize not only individual performance but also teamwork and collaboration. Similarly, this study recommends managers to foster a

culture of trust and psychological safety where employees feel comfortable speaking up, taking risks, and expressing dissenting opinions.

Addressing any concerns or issues promptly and transparently to maintain trust and credibility within the organization leads to improved employee performance. However, it is crucial to acknowledge that the effectiveness of democratic leadership may vary depending on contextual factors such as organizational culture, industry norms, and workforce dynamics. Additionally, adopting democratic leadership requires leaders to possess strong interpersonal skills, emotional intelligence, and a readiness to relinquish control. Overall, integrating democratic leadership principles into organizational policies, practices, and culture can have significant positive implications for employee performance, satisfaction, and overall organizational effectiveness. By prioritizing employee involvement, empowerment, and open communication, organizations can create a conducive work environment that drives success and fosters continuous improvement.

7. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Even though this study closes gaps in the literature and offers a number of management implications, it has certain limitations that allow other researchers to potentially carry out the research in the future.

Firstly, a number of significant elements that are associated with both democratic leadership and employee performance are not considered in this study. These aspects include the work environment, job design and role clarity, recognition and rewards, job security, etc. Therefore, in order to make the results more conclusive, future researchers can take these elements into account.

Second, the collection of limited sample sizes, which may limit the generalizability of findings to other settings. Consequently, data obtained from a restricted sample size might lack depth or

may not adequately represent the behaviors or traits of the entire population. Therefore, future researchers are urged to utilize larger sample sizes during data collection to enhance research accuracy and broaden its applicability. Likewise, future researchers are advised to include individuals from diverse demographic groups, each possessing their distinct characteristics and attributes, to augment the diversity of data collection.

Thirdly, the study relied on questionnaire-based data collection, which may not fully capture the genuine attitudes of employees. Therefore, future researchers are encouraged to supplement questionnaire surveys with interviews involving both managers and employees. This approach can yield more precise and reliable data regarding the dynamics of democratic leadership and its impact on employee performance.

Finally, because employees are dynamic, the results of this study may not hold true in the future. As time goes on, the current attitudes, beliefs, and performance level of employees may change. Employees' roles, responsibilities, and motivations can evolve over time due to organizational changes, individual growth, and external influences. This variability introduces complexities in assessing the consistent impact of democratic leadership on employee performance. Additionally, workforce diversity and turnover further complicate research efforts, as different demographic groups may respond differently to democratic leadership styles, and frequent personnel changes can disrupt data consistency. Therefore, this study has limitations regarding its future implications. Longitudinal and experimental studies emerge as potential avenues for further exploration. Longitudinal studies offer the opportunity to monitor changes over an extended period, providing insights into the long-term effects of democratic leadership on employee performance. Conversely, experimental designs enable researchers to establish causal links between democratic leadership and employee performance in a controlled environment, offering valuable

insights into the underlying mechanisms at play.

8. CONCLUSION

This research paper has delved into the relationship between democratic leadership and employee performance, exploring how leadership styles characterized by shared decision-making, open communication, and employee empowerment can influence employee performance. Through a comprehensive review of literature and empirical evidence, several key findings have emerged. As per previous research employees' performance may be positively impacted by a democratic leadership style (Dahl, 1989; Fishkin, 1991). The results of this research are consistent with these studies. Democratic leadership promotes a culture of accountability and responsibility, as employees feel a sense of ownership over their work and are more likely to take personal responsibility for outcomes. This can lead to higher levels of productivity, quality of work, and overall organizational effectiveness. In conclusion, this research highlights the significant positive impact of democratic leadership on employee performance. By embracing principles of inclusivity, collaboration, and empowerment, organizations can cultivate a work environment that fosters employee engagement, productivity, and success. During the study, it is also argued that the length of employment, when considered as a moderating variable, exhibits notable difference in how democratic leadership influences employee performance.

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