

# THE INFLUENCE OF LEADERSHIP STYLES ON EMPLOYEES PERFORMANCE OF INSURANCE COMPANIES IN RWANDA

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**Abstract:** The main purpose of this study was to examine the effect of leadership styles on employee's performance in insurance companies in Rwanda because it's believed that most employee's exhibits poor performance because of bad leadership style practiced in the organization. This was achieved with the help of three specific objectives namely; to examine the effect of directive leadership style on Sonarwa's employee performance; to assess the effect of supportive leadership style on Sonarwa's employee performance and to evaluate the effect of Participative Leadership style on Sonarwa's employee performance. The research is beneficial to the researcher, government and Sonarwa in specific and JKUAT. The researcher reviewed both theoretical and empirical literature on the effect of leadership behavior on employee's performance of organization around the world. The researcher used descriptive method of study based on qualitative and quantitative approach in order to get better analysis of the study. The population size was 130 and sample taken is 98 respondents. Both primary and secondary sources with their relevant tools like questionnaire and documentary analysis in order to come up with required data. The data was processed by SSSP software but analyzed using frequency/percentages, mean and standard deviation. The relationship between the variables will be established by use of Anova table in establishing relationship. In the findings it was established that Sonarwa uses different leadership styles like directive leadership style where the managers clearly tell employees what is expected of them in their work and employees do not question, subordinates are required to follow the laid down rules and regulations, the company management provides work Schedule for employees to follow, the managers delegate responsibilities and management receives reports on a regular basis from all employees. They also use Supportive leadership where by the managers treat employees with respect, management recognize the best performing employees, Sonarwa managers helps employees to overcome problems that stop them from carrying out their tasks, employees are given opportunities to attend relevant trainings and conferences and lastly employees are well compensated for their work. And participative leadership style whereby managers explains to the employees the importance of their input in decision making, employees are consulted by the leadership before making key decisions, all decisions made by leadership are shared in a timely manner with the employees and leaders listen receptively to the ideas and suggestions of employees. This was justified by Anova table listed in 4.13 which showed the relationship between leadership style has significant effect on employee's performance whereby the respondents N is 98 and the significant level is 0.01, the results indicate that independent variable has positive high correlation to dependent variable equal to .85.6\*\* and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researcher conclude that variables are correlated and null hypothesis is rejected and remains with alternative hypothesis. This means that there is a significant relationship between leadership style and employee's performance. We can therefore conclude leadership style has significant effect on employee's performance in Insurance Companies in Rwanda.

**Keywords:** Directive Leadership, Employee Performance, Insurance company, Leadership Style, Participative leadership: Supportive leadership.

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## 1. INTRODUCTION

### 1.1 Background of the Study:

The business environment is changing radically as a result of major societal forces. Technological advances, globalization, deregulation, consumer awareness and the competition are leaching their toll on organizational performances and creating new behaviors and challenges (Dixon and Hart, 2010). Although many factors may influence

the performance of an organization, there can be little doubt that the quality of leadership available to it will be one of the most critical determinants of ultimate success. Leadership behavior plays a very important role in enhancing employee job satisfaction, work motivation and work performance. In recognition of this fact, tremendous effort and resources have been expended, with varying degrees of success, to identify and develop personnel who will occupy the positions of leadership needed to meet present and future organizational requirements (Negron, 2008). Good leadership behavior accelerates the development of most organizations. It therefore plays a critical role in the performance of organizations.

Globally, Polston-Murdoch (2013) investigated the impact of Path-goal theory in line with the impact of leadership styles on employee commitment to the supervisor and the outcome of performance. This study established that leaders who use Participative and Achievement-Oriented leadership styles attain better employee performance. Analysis similarly indicated that path-goal leadership styles can predict subordinates' commitment as well as performance (Aboyassin & Abood, 2013). Dixon and Hart (2010) also found a significant positive correlation between path-goal leadership styles and workgroup effectiveness culminating into superior employee performance. Still on this subject, Negron (2008) conducted a study examining the relationship of the path-goal theory leadership styles to profits in El Paso, Texas, Rent-A-Center stores. The findings indicated that Participative and Achievement-Oriented leadership styles led to an increase in employee performance characterized by high profits.

Research done in Malaysia by Yiing and Ahmad (2009) used the Path-goal theory of leadership. The study investigated the moderating effects of organizational culture on the relationships between leadership style and organizational commitment. It also evaluated the relationship between organizational commitment and job satisfaction as well as performance. The findings showed that a leadership style was significantly related to organizational commitment and that organizational culture played an important role in moderating this relationship.

In Africa, Mohammed, et al. (2014), relationship between leadership styles and employees' performance. They focused on selected business organizations in federal capital territory of Abuja, Nigeria. The study was carried out to determine the relationship between leadership style and employee performance in the identified organizations. The findings showed that there was a significant relationship between leadership style and employee performance in an organization. This study has observed that leaders and leadership style in organizations have affected the ability of their employees to achieve corporate goals and objectives (Menz, 2012).

In Chad, Sougui, Bon and Hassan (2016) carried out a research on the impact of leadership styles on employees' performance in Telecom sector. They examined directive, supportive, participative and achievement-oriented (Daft, 2011). The purpose of the study was to ascertain if there was a relationship between the leadership styles and the employees' performance, particularly in the Telecom Engineering companies. The study's findings established that the impact of leadership styles on employees' performance was significant.

It's based on the above background that is why the researcher would like to analyze leadership styles and employees performance in insurance company in Rwanda by taking Sonarwa as a case study. Insurance facilitates investment by reducing the amount of capital that businesses and individuals need to keep at hand to protect themselves from uncertain events. Despite its importance for economic development, the majority of African countries including Rwanda lack access to insurance products (Harrington & Danzon, 2004). Access to insurance only starts to increase quickly in the upper middle income brackets, but with most Africans still just struggling to meet their basic food and other day-to-day needs, insurance is still a long way off hence there is need to examine the effect of leadership on performance of Insurance companies in Rwanda.

## **1.2 Problem Statement:**

The issue of change and empowerment is the main focus of the new perspective on leadership. The leader is expected to continually generate new ideas for increasing effectiveness and productivity within the organization. She is required to provide needed strategies for executing the ideas/vision and motivate the employees to accomplish the vision by using their own initiatives to improve their inter-group relations in and outside of the organization.

But however, some managers have not been able to perform accordingly to this and have affected many organization performances in form of productivity and profitability since employees became de-motivated and their morale came down. Insurance companies have been of the organization affected by leadership behavior coupled with other factors. Leadership style has seen most of the insurance companies facing financial crisis, even others liquidated. In 2009 the Rwandan insurance industry declined in terms of written premium value due to direct consequences of the global financial crisis. However, the industry recovered and posted robust growth in subsequent years and this was believed to be due to management style they have in place. It is because of the above problem that is why the researcher was prompted to analyze the effect of leadership styles on the performance of Insurance Companies in Rwanda.

**1.3 Objective of the Study:**

**1.3.1 General Objective of the Study:**

The general objective of the study was to examine the effect of leadership style on employee’s performance in insurance companies in Rwanda.

**1.3.2 Specific Objectives:**

1. To examine the effect of Directive Leadership Style on Sonarwa’s employee performance.
2. To assess the effect of Supportive Leadership Style on Sonarwa’s employee performance.
3. To evaluate the effect of Participative Leadership style on Sonarwa’s employee performance.

**1.4 Research Question:**

1. What is the effect of Directive Leadership Style on Sonarwa’s employee performance?
2. What is the effect of Supportive Leadership Style on Sonarwa’s employee performance?
3. What is the effect of Participative Leadership style on Sonarwa’s employee performance?

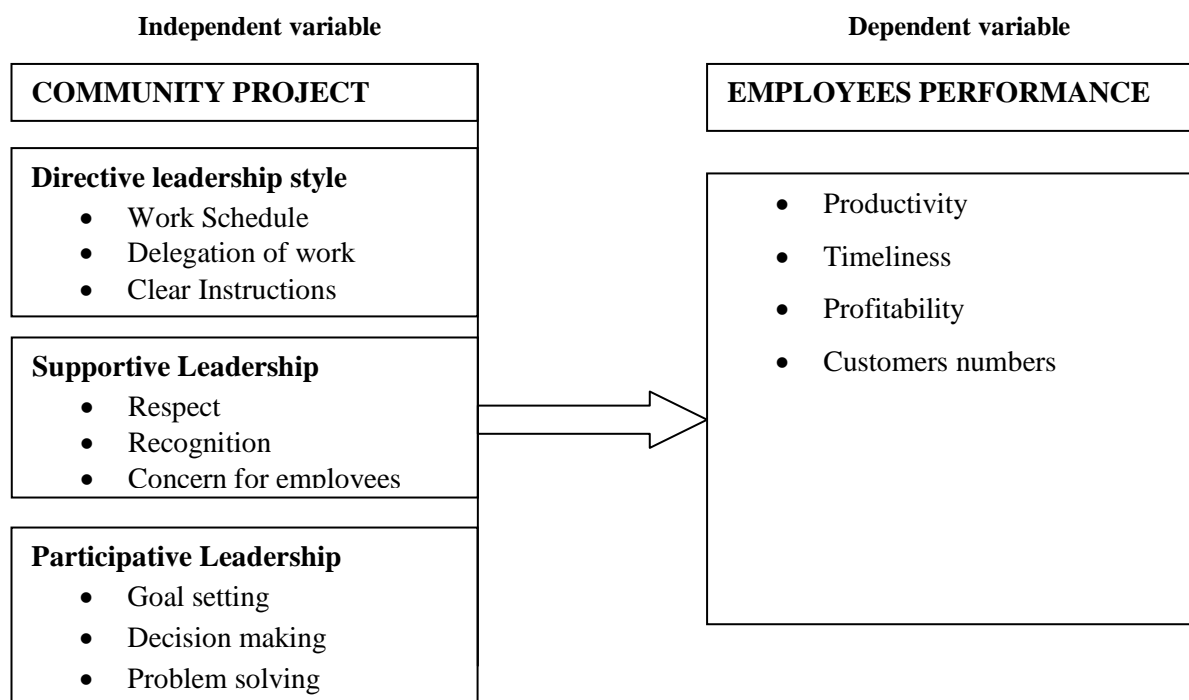
**1.5 Significance of the study:**

Firstly, the study will be beneficial to the researcher, JKUAT and Sonarwa limited. It will help the researcher increase the knowledge about leadership styles and financial performance. To Jomo Kenyatta University and future researchers, the information that will be collected and analyzed will help other researchers in the above area. The findings of the research will benefit leaders/managers, employees and customers of the company and will act as source of future information to students who will conduct research in the same domain. To Sonarwa, the suggestions or recommendations will help Sonarwa in particular and other insurance companies in general to improve their financial performance.

**1.6 Scope of the Study:**

The study was conducted on the effect of leadership behavior on employee’s performance in insurance companies in Rwanda. It was conducted in Sonarwa Insurance Company situated in Nyarugenge District in Kigali City. It will analyze the effect of leadership style on employee’s performance in Sonarwa for a period of three years (2013 to 2016).

**1.7 Conceptual framework:**



**Figure 2.1: Conceptual framework**

The researcher believes that leadership style like directive leadership style (Work Schedule, Delegation of work and Clear Instructions), Supportive Leadership (Respect, Recognition, Concern for employees) and Participative Leadership (Goal setting, Decision making and Problem solving) improves employees performance inform of increased productivity, timely delivery of service, increased in profitability and Customers attraction.

## 2. RESEARCH DESIGN AND METHODOLOGY

### 2.1 Research Design:

Study used descriptive research design using case study method. Both quantitative and qualitative analysis is done used for the data collected.

### 2.2 Target Population:

The target population was the 130 employees of Sonarwa Insurance Company.

### 2.3 Sample design:

Table 2.1: Sample Frame

Category of staff	Population	Sample	Sample Technique
Managing Director	1	1	Census
Directors	4	4	Census
Heads of Departments	13	13	Census
General Staff	112	80	Purposive
<b>Total</b>	<b>130</b>	<b>98</b>	

Source: Researcher 2016

#### 2.3.1 Sample size determination:

The population size of this research is 130 employees of Sonarwa Insurance Company. We take a sampling error of 5%, and then the sample size was:

### 2.4 Data Collection Methods:

The primary data collection method explored the originality of data through gathering information relevant to the study. Primary data were obtained from respondents at Sonarwa head offices Secondary data collection supplemented on the above method where data were obtained from Sonarwa records (obtained from heads of various departments), dissertations, text books, the internet and other materials (such as journals, newspapers, etc) as found useful to the Study.

#### 2.4.1 Data Collection Instruments:

An interview guide with structured questions and open ended statements was used by the researcher in trying to interview Sonarwa administrators at different administrative levels.

### 2.5 Data Analysis:

The data collected was processed and analyzed using SPSS (Version 22). This involved data coding, editing and tabulation especially quantitative data.

## 3. PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

### 3.1 Directive Leadership Style and Sonarwa's employee performance:

Table 3.1: Assessment of Directive leadership in Sonarwa

Assessment of Directive leadership	Mean	Std. Deviation	Comments
Managers clearly tell employees what is expected of them in their work and employees do not question	4.3143	.66454	Strong Heterogeneity
Subordinates are required to follow the laid down rules and regulations.	4.2939	.68117	Strong Heterogeneity

Sonarwa management provides work Schedule for employees to follow	4.3531	.66575	Strong Heterogeneity
Sonarwa managers delegate responsibilities	4.3469	.61357	Strong Heterogeneity
Management receives reports on a regular basis from all employees	4.3061	.66642	Strong Heterogeneity
<b>Summary</b>	<b>4.32286</b>	<b>0.548575</b>	<b>Strong Heterogeneity</b>

Source: Primary data, 2017

Analysis on Directive leadership style revealed that Sonarwa managers clearly tell employees what is expected of them in their work and employees do not question, this is reflected by a strong mean of 4.3143 and a homogeneity standard deviation of .66454. This implies that Sonarwa managers clearly give work instructions to their employees. In assessing whether Subordinates in Sonarwa are required to follow the laid down rules and regulations, this was reflected by a strong mean of 4.2939 and a homogeneity standard deviation of .68117, implying that Subordinates in Sonarwa are required to follow the laid down rules and regulations in order to perform their duties effectively. On whether the company management provides work Schedule for employees to follow is reflected by a strong mean of 4.3469 and a homogeneity standard deviation of .61357, implying that work schedule is important in employee's performance in Sonarwa. Furthermore in analyzing whether the company's managers delegate responsibilities is reflected by a strong mean of 4.3469 and a homogeneity standard deviation of .61357, implying that delegation of responsibilities helps the organization in performing required tasks. Lastly on whether Management receives reports on a regular basis from all employees is reflected by a strong mean of 4.3061 and a homogeneity standard deviation of .66642, implying that it's a must report has to be produced on regular basis.

**Overall Summary:** Directive leadership in Sonarwa is reflected by an overall strong mean of 4.32286 and a homogeneity standard deviation of 0.548575. This implies that Sonarwa practice directive leadership in performing their duties as discussed in table 3.1.

**Table 3.2: Effect of Directive Leadership Style on Sonarwa's employee performance**

	Mean	Std. Deviation	Comments
Directive Leadership Style has increased Sonarwa's productivity	4.3612	.65049	Strong Heterogeneity
Directive Leadership Style has increased Sonarwa's timely service delivery	4.3327	.69107	Strong Heterogeneity
Directive Leadership Style has increased Sonarwa's profitability	4.3429	.63545	Strong Heterogeneity
Directive Leadership Style has increased Sonarwa's customers numbers	4.3531	.66700	Strong Heterogeneity
<b>Summary</b>	<b>4.347475</b>	<b>0.661003</b>	<b>Strong Heterogeneity</b>

Source: Primary data, 2017

Analysis on effect of directive leadership style on Sonarwa's employee performance shows that directive leadership style has increased Sonarwa's productivity as reflected by a strong mean of 4.3612 and a homogeneity standard deviation of .65049. This implies that productivity has increased as a result directive leadership style. In assessing whether directive leadership style has increased Sonarwa's timely service delivery was reflected by a strong mean of 4.3327 and a homogeneity standard deviation of 4.3327, implying that directive leadership style has improved on timely service delivery. The researcher also wanted find out whether directive leadership style has increased Sonarwa's profitability, this was reflected by a strong mean of 4.3429 and a homogeneity standard deviation of .63545, implying that directive leadership style has improved on the company's profitability. Lastly, on whether directive leadership style has increased Sonarwa's customer's numbers is reflected by a strong mean of 4.3531 and a homogeneity standard deviation of .66700, implying that directive leadership style has increased Sonarwa's customer's numbers.

**Overall Summary:** Analysis on effect of directive leadership style on Sonarwa's employee performance is reflected by an overall strong mean of 4.347475 and a homogeneity standard deviation of 0.661003. This implies that directive leadership style has increased Sonarwa's customer's numbers as discussed in table 3.2.

3.2 Supportive Leadership Style and Sonarwa’s employee performance:

Table 3.3: Assessment of Supportive leadership in Sonarwa

Assessment of Supportive leadership in Sonarwa	Mean	Std. Deviation	Comment
Managers in Sonarwa treat employees with respect	4.4776	.55321	Strong Heterogeneity
Sonarwa’s management recognize best performing employees	4.4571	.57659	Strong Homogeneity
Leadership helps employees to overcome problems that stop them from carrying out their tasks	4.4265	.52206	Strong Heterogeneity
All employees are given opportunities to attend relevant trainings and conferences	4.4980	.56979	Strong Heterogeneity
Employees are well compensated	4.4776	.55573	Strong Heterogeneity
<b>Summary</b>	<b>4.46736</b>	<b>0.555476</b>	<b>Strong Heterogeneity</b>

Source: Primary data, 2017

Analysis on Supportive leadership in Sonarwa revealed that the Managers in Sonarwa treat employees with respect reflected by a strong mean of 4.4776 and a homogeneity standard deviation of .55321. This implies that employees in Sonarwa are treated with respect. In assessing whether the Sonarwa’s management recognize best performing employees is reflected by a strong mean of 4.4571 and a homogeneity standard deviation of .57659, implying that Sonarwa’s recognize best performing employees. On whether the leadership in Sonarwa helps employees to overcome problems that stop them from carrying out their tasks is reflected by a strong mean of 4.4265 and a homogeneity standard deviation of .52206, implying that management help employees in solving their problems. Furthermore in analyzing whether all employees are given opportunities to attend relevant trainings and conferences is reflected by a strong mean of 4.4980 and a homogeneity standard deviation of .56979, implying that employees are given opportunities to attend relevant trainings and conferences. Lastly on whether employees are well compensated for their work is reflected by a strong mean of 4.4776 and a homogeneity standard deviation of .55573, implying that employees are compensated for their service they offer.

**Overall Summary:** Supportive leadership in Sonarwa is reflected by an overall strong mean of 4.46736 and a homogeneity standard deviation of 0.555476. This implies that Sonarwa uses supportive leadership to manage the organization as discussed in table 3.3.

Table 3.4: Effect of Supportive Leadership Style on employee performance

	Mean	Std. Deviation	Comments
Supportive Leadership Style has increased Sonarwa’s productivity	4.4980	.52850	Strong Heterogeneity
Supportive Leadership Style has increased Sonarwa’s timely service delivery	4.4082	.58434	Strong Heterogeneity
Supportive Leadership Style has increased Sonarwa’s profitability	4.4082	.58619	Strong Heterogeneity
Supportive Leadership Style has increased Sonarwa’s customers numbers	4.4286	.53218	Strong Heterogeneity
<b>Summary</b>	<b>4.43575</b>	<b>0.557803</b>	<b>Strong Heterogeneity</b>

Source: Primary data, 2017

Analysis on effect of Supportive Leadership Style on employee’s performance shows that Supportive Leadership Style has increased Sonarwa’s productivity as reflected by a strong mean of 4.4980 and a homogeneity standard deviation of .52850. This implies that productivity has increased as a result of Supportive Leadership Style. In assessing whether Supportive Leadership Style has increased Sonarwa’s timely service delivery is reflected by a strong mean of 4.4082 and a homogeneity standard deviation of .58434, implying that timely service improved as a result of Supportive Leadership Style. Furthermore researcher wanted to establish whether Supportive Leadership Style has increased Sonarwa’s profitability, this was reflected by a strong mean of 4.4082 and a homogeneity standard deviation of .58619, implying that profitability improved as a result of Supportive Leadership Style. Lastly, on whether the Supportive Leadership Style has increased Sonarwa’s customer’s numbers is reflected by a strong mean of 4.4286 and a homogeneity standard deviation of .53218, implying that profitability improved customer’s numbers.

**Overall Summary:** Analysis on whether effect of Supportive Leadership Style on employee’s performance is reflected by an overall strong mean of 4.43575 and a homogeneity standard deviation of 0.557803. This implies that Supportive Leadership Style improved employee’s performance as discussed in table 3.4

**3.3 Participative Leadership Style and Sonarwa’s employee performance:**

**Table 3.5: Assessment of Participative Leadership Style in Sonarwa**

	Mean	Std. Deviation	Comments
Leadership explains to the employees the importance of their input in decision making	4.4882	.52987	Strong Heterogeneity
Employees are consulted by the leadership before making key decisions	4.4980	.54473	Strong Heterogeneity
All decisions made by leadership are shared in a timely manner with the employees	4.4367	.57252	Strong Heterogeneity
Leaders listen receptively to the ideas and suggestions of employees	4.3980	.62850	Strong Heterogeneity
<b>Total</b>	<b>4.455225</b>	<b>0.568905</b>	<b>Strong Heterogeneity</b>

*Source: Primary data, 2017*

Analysis on participative leadership style in Sonarwa revealed that the Leadership explains to the employees the importance of their input in decision making as reflected by a strong mean of 4.4882 and a homogeneity standard deviation of .52987, this implies that employees input in decision making is important. In assessing whether the employees are consulted by the leadership before making key decisions is reflected by a strong mean of 4.4980 and a homogeneity standard deviation of .54473, implying that employees are consulted before making key decisions. On whether all decisions made by leadership are shared in a timely manner with the employees is reflected by a strong mean of 4.4367 and a homogeneity standard of .57252. Lastly on whether the leaders listen receptively to the ideas and suggestions of employees, is reflected by a strong mean of 4.3980 and a homogeneity standard of .62850. This implies that leaders listen receptively to the ideas and suggestions of employees.

**Overall Summary:** Participative leadership style is instrumental in Sonarwa as reflected by an overall strong mean of 4.455225 and a homogeneity standard deviation of 0.568905, implies that Participative leadership style is instrumental as discussed in table 3.5.

**Table 3.6: Effect of Participative Leadership Style on employee performance**

	Mean	Std. Deviation	Comments
Participative Leadership has increased Sonarwa’s productivity	4.5102	.61334	Very Strong Heterogeneity
Participative Leadership has increased Sonarwa’s timely service delivery	4.4388	.45906	Very Strong Homogeneity
Participative Leadership has increased Sonarwa’s profitability	4.4592	.46065	Very Strong Homogeneity
Participative Leadership has increased Sonarwa’s customers numbers	4.5408	.45924	Very Strong Homogeneity
<b>Summary</b>	<b>4.48725</b>	<b>0.498073</b>	<b>Very Strong Homogeneity</b>

*Source: Primary data, 2017*

Analysis on effect of participative Leadership Style on employee performance shows that the participative leadership has increased Sonarwa’s productivity reflected by a very strong mean of 4.5102 and a homogeneity standard deviation of .61334. This implies that participative leadership has increased Sonarwa’s productivity. In assessing whether participative leadership has increased Sonarwa’s timely service delivery is reflected by a very strong mean of 4.4388 and a homogeneity standard deviation of .45906, implying that timely service delivery improved as a result of participative leadership. In establishing whether participative leadership has increased Sonarwa’s profitability is reflected by a very strong mean of 4.4592 and a homogeneity standard deviation of .46065, implying that profitability improved as a result of participative leadership. Lastly, on whether participative leadership has increased Sonarwa’s customer’s numbers is reflected by a very strong mean of 4.5408 and a homogeneity standard deviation of .45924, implying that participative leadership has increased Sonarwa’s customer’s numbers.

**Overall Summary:** Analysis on whether participative leadership style affects employee’s performance is reflected by an overall very strong mean of 4.48725 and a homogeneity standard deviation of 0.498073. This implies that participative leadership style on employee performance as discussed in table 3.6.

**3.4 Hypothesis Testing:**

**Table 3.7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982 <sup>a</sup>	.965	.964	.73690

a. Predictors: (Constant), Participative Leadership, Directive Leadership, supportive Leadership

**Table 3.8: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1409.446	3	469.815	865.183	.000 <sup>b</sup>
	Residual	51.044	94	.543		
	Total	1460.490	97			

a. Dependent Variable: Leadership style has registered increasing Employee’s performance  
 b. Predictors: (Constant), Participative Leadership, Directive Leadership, supportive Leadership

**Table 3.9: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	-1.039	.505		-2.059	.042	-2.041	-.037
Directive Leadership	1.103	.064	1.185	17.184	.000	.976	1.231
Supportive Leadership	.310	.118	.246	2.631	.010	.076	.544
Participative Leadership	-.642	.116	-.470	-5.558	.000	-.872	-.413

a. Dependent Variable: Leadership style has registered increasing Employee’s performance

**3.5 Discussion of Research Findings:**

**H0: Directive Leadership has no significant effect on employee’s performance:**

Hypothesis H0 proposes that Directive Leadership has significant effect on employee’s performance. The results indicate that Directive Leadership has relationship with employee’s performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (1.103) between Directive Leadership and employee’s performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Directive Leadership style is 1.185 with a t-statistic of 17.184. The positive coefficients mean a 1% increase in Directive Leadership style leads to a 1.103% increase in employee’s performance and the positive t-statistic value indicates that the effect is statistically significant at 5 % test level.

**H1: Supportive Leadership has significant effect on employee’s performance:**

Hypothesis H1 proposes that Supportive Leadership has significant effect on employee’s performance. The results indicate that Supportive Leadership has relationship with employee’s performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (.310) between Supportive Leadership and employee’s performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Supportive leadership style is .246 with a t-statistic of 2.631. The positive coefficients mean a 1% increase in Supportive style leads to a .310% increase in employee’s performance and the positive t-statistic value indicates that the effect is statistically significant at 5 % test level.



## **H2: Participative Leadership style has significant effect on employee's performance:**

Hypothesis H2 proposes that Participative Leadership has significant effect on employee's performance. The results indicate that Participative Leadership has relationship with employee's performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (-.642) between Participative Leadership and employee's performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Participative leadership style is -.470 with a t-statistic of -5.558. The negative coefficients mean a 1% increase in Participative leadership style leads to a -.642% increase in employee's performance and the negative t-statistic value indicates that the effect is statistically significant at 5 % test level.

### **3.6 Leadership Style Challenges in Sonarwa:**

The researcher has realized that they are some few challenges facing employee's performance as a result of leadership style and these include; Authoritarian leadership where by employees are dictated terms and conditions without consultations, lack of employees involvement in decision making, inadequate employees motivation, poor and inadequate capacity building especially on the organizations side and lastly poor communication strategy

## **4. SUMMARY OF THE FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS OF THE STUDY**

### **4.1 Discussion:**

#### ***4.1.1 Effect of Directive Leadership Style on employee's performance:***

From the findings the respondents stated that Sonarwa managers uses directive leadership style in that the managers clearly tell employees what is expected of them in their work and employees do not question, subordinates in Sonarwa are required to follow the laid down rules and regulations, the company management provides work Schedule for employees to follow, the managers delegate responsibilities and lastly management receives reports on a regular basis from all employees. Hypothesis H0 proposes that Directive Leadership has significant effect on employee's performance. The results indicate that Directive Leadership has relationship with employee's performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (1.103) between Directive Leadership and employee's performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Directive Leadership style is 1.185 with a t-statistic of 17.184. The positive coefficients mean a 1% increase in Directive Leadership style leads to a 1.103% increase in employee's performance and the positive t-statistic value indicates that the effect is statistically significant at 5 % test level.

#### ***4.1.2 Effect of supportive leadership style on employee's performance:***

Findings on Supportive leadership in Sonarwa revealed that the Managers in Sonarwa treat employees with respect, management recognize best performing employees, Sonarwa managers helps employees to overcome problems that stop them from carrying out their tasks, employees are given opportunities to attend relevant trainings and conferences and lastly employees are well compensated for their work. Hypothesis H1 proposes that Supportive Leadership has significant effect on employee's performance. The results indicate that Supportive Leadership has relationship with employee's performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (.310) between Supportive Leadership and employee's performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Supportive leadership style is .246 with a t-statistic of 2.631. The positive coefficients mean a 1% increase in Supportive style leads to a .310% increase in employee's performance and the positive t-statistic value indicates that the effect is statistically significant at 5 % test level.

#### ***4.1.3 Effect of participative leadership style on employee's performance:***

Findings on participative leadership style shows that managers in Sonarwa explains to the employees the importance of their input in decision making, employees are consulted by the leadership before making key decisions, all decisions made by leadership are shared in a timely manner with the employees and lastly on whether the leaders listen receptively to the ideas and suggestions of employees. Hypothesis H2 proposes that Participative Leadership has significant effect on

employee's performance. The results indicate that Participative Leadership has relationship with employee's performance. The coefficient of determination is 0.000 which indicates that there is positive relationship (-.642) between Participative Leadership and employee's performance. These results provide reasonable evidence to the consistent view that, there is increase in productivity, timely service delivery, profitability and increase in customers numbers hence they improved employees performance. The beta of Participative leadership style is -.470 with a t-statistic of -5.558. The negative coefficients mean a 1% increase in Participative leadership style leads to a -.642% increase in employee's performance and the negative t-statistic value indicates that the effect is statistically significant at 5 % test level.

#### **4.2 Conclusion**

In the findings it was established that Sonarwa uses different leadership style like directive leadership style where the managers clearly tell employees what is expected of them in their work and employees do not question, subordinates are required to follow the laid down rules and regulations, the company management provides work Schedule for employees to follow, the managers delegate responsibilities and management receives reports on a regular basis from all employees. They also use Supportive leadership where the managers treat employees with respect, management recognize best performing employees, Sonarwa managers helps employees to overcome problems that stop them from carrying out their tasks, employees are given opportunities to attend relevant trainings and conferences and lastly employees are well compensated for their work. And participative leadership style whereby managers in explains to the employees the importance of their input in decision making, employees are consulted by the leadership before making key decisions, all decisions made by leadership are shared in a timely manner with the employees and leaders listen receptively to the ideas and suggestions of employees. This was justified by Anova table listed in 4.12 which showed the relationship between leadership style has significant effect on employee's performance whereby the respondents N is 98 and the significant level is 0.01, the results indicate that independent variable has positive high correlation to dependent variable equal to .85.6\*\* and the p-value is .000 which is less than 0.01. When p-value is less than significant level, therefore researchers conclude that variables are correlated and null hypothesis is rejected and remains with alternative hypothesis. This means that there is a significant relationship between leadership style and employee's performance. We can therefore conclude leadership style has significant effect on employee's performance in Insurance Companies in Rwanda.

#### **4.3 Recommendations**

- Employees should be consulted before strategic decisions are taken for the benefit of the organization and employees should be involved in decision making.
- The company should highly motivate employees because motivation improve employees performance as well as organization performance

#### **4.4 Areas for Further Research:**

The following areas of research are recommended;

- i. Effect of authoritarian leadership on organization profitability
- ii. Effect of employee's involvement on productivity of organizations in Rwanda
- iii. Effect of employee's motivation on financial performance of organizations in Rwanda

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