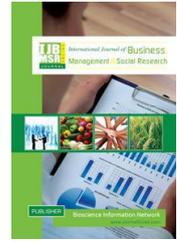


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## Impact of leadership on organisational performance

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### **ABSTRACT**

*This study surveyed the impact of leadership on the organisational performance of Coca Cola Company in Abuja, the Federal Capital City, Nigeria. The study discovered that leadership on the organizational performance of any given company. The style of leadership a manager adopted has a direct effect on the organizational performance of the employee. The study among others things discovered is that participatory of leadership and delegation of duties enhances the employee performance and attainment of corporate goals and objectives. The study therefore concludes that achievement of organizational goal and objective depends solely on the leadership style an organization adopted. It therefore recommends that, since leadership is one of the basic means used in attainment of organizational goal/objective, every organization should ensure that the right leader man their organization in order to achieve their set goals and or objectives.*

**Keywords:** Company, Leadership and Organisational performance

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## **I. Introduction**

Leadership is conceived as a process where one or more persons influence a group of person to move in a certain direction. The word leadership has been used in various aspects of human endeavour such as politics, business, academics and social works. [Messick and Krammer \(2004\)](#) argue that the degree to which the individual exhibits leadership traits depends not only on his characteristics and personal abilities, but also on the characteristics of the situation and environment in which he finds himself. Therefore, an individual will support the organization if he believes that through it his personal objective and goals could be met, if not, the person's interest will decline. Leadership occurs when one group member modifies the motivation or competence of others in the group. [Nongo \(2009\)](#) states that leadership entails an unequal distribution of power between leaders and group members. Group members have power, but leaders usually have more powers. According to [Rachin \(2001\)](#) leadership is directly connected to the practice to which people are dedicated.

Many organizations has failed due to ineffective leadership style of the management team of such organization and institution on such situation, the workers are not well organized, controlled or coordinated, the effect of this attitude arises from ineffective leadership style, low productivity, high operating cost, uncooperative attitude of employees etc. All these at the long run leads to the closure of the organisation. Some organizations are faced with the problem of sourcing for competent leaders who have personality, knowledge, intelligence and experience to lead. There are numerous styles of leadership but for this study, the transformational leadership, transactional leadership and laissez-faire leadership style is considered. The transformational leadership style is more effective, productive, innovative, and satisfying to followers as both parties work towards the good of the organization been propelled by shared visions and values as well as mutual trust and respect. Iyang on his part sees effective leadership as a unique ways and integrating employees with the organisation to achieve its vision or objectives and that to a large extent the effectiveness of a leader is largely dependent to the styles adopted by managers which he says is central in the management of organisations. Speaking in the same vein Edem, observes that failure or success of an organisation, which affect the subordinates, the customers and agencies within and outside the organisation. Leadership, according to [McGregor \(1978\)](#) is one of the major determinants of success of any enterprise, organization or nation. To [Ukeje and Okorie \(1990\)](#), leadership makes the difference between success and failure, between profit and loss, between development and underdevelopment of any organization, nation or enterprise. [Arnold and Feldman \(1986\)](#), state that leadership is an influence process.

There is also a fourth leadership style which rarely manifest in some leadership practice. This is called the charismatic leadership style. The two modern styles of leadership are the transactional and the transformational leadership styles. In the school setting, the private schools seem to be more autocratic while the public schools are more or less Laissez faire in their leadership styles. Also, the private school heads are better in performance in terms of human relation pattern, decision making pattern, supervision, and communication pattern than public school head who are less concerned in these areas.

### **Statement of the problem**

Managing people in organisations is parts and parcel of management Process. Therefore, managers should realize that people are the critical elements in organisations and that they should be recognized as being synonymous with the organisation. But the problem is to what extent do managers recognize this fact that employees are synonymous with organisations and that they should be adequately motivated so that they can give their best to ensure high performance? Again the leadership behaviour/style in most organisations which believe that workers could be treated anyhow as a result of unemployment situation in the country which makes job switch difficult has resulted in the hardship workers face in their places of work in Nigeria. It generally leads to low productivity. Bad leadership is expensive, under the watch of poor leaders and managers, staff morale declines and workers feel less committed to the organization and its mission that tends to lead to work of lesser quality and things getting done more slowly. Poor leadership style can stop management from producing new ideas and solution to problems. Of all these, the poor leadership style of the heads have been the major cause of the declining standard education, something that warrants the investigation of this study. The problems are; what leadership styles are adopted by the headmasters of public and private schools? What are the differences existing in the leadership styles of public and private primary schools.

### **Objectives of the study**

- i. To determine the impact of leadership in organization and performance.
- ii. To examine the relationship that exists between leadership and organisation performance.

### **Research hypotheses**

The following alternate hypotheses will be used for the study:

H<sub>1</sub>: Leadership determines the impact in organization and performance.

H<sub>2</sub>: There is a relationship that exists between leadership and organization performance.

## **II. Literature Review**

### **Concept of leadership**

Leadership is the process of influencing others to work willingly toward an organizational goal with confidence. Leadership is generally defined simply as the process of influencing people to direct their

efforts towards achievement of some particular goal or goals". Leadership is generally defined simply as the art of influencing people so that they will strive willingly towards the achievement of group goals. This concept can be enlarging to include not only willingness to work but with zeal and confidence. Leadership "is a term that can be referred to a variety of thing, a person, a position, or a process". Mullins (2002) says there are over 400 definitions of leadership. Leadership being such a widely written about subject, has a variety of meanings by many scholars each trying to compare what the writer perceives to be leadership. As Burns (1978) rightly acknowledged, "Leadership is the most observed and least understood phenomenon on earth". Therefore, few will be considered for this study.

Leadership is one of the most important and essential factors in good project management. Leadership can be seen as the art of influencing others to achieve desired results. Leaders guide behaviours by setting the vision, direction and the key processes; in other words, leadership has a large influence on the whole project process, including the actions of others. Therefore, leadership can be seen to be a prerequisite in every human endeavour and this is confirmed by Muijs (2011) when he attributed the key factor in organizational effectiveness to leadership. Muijs (2011) states that the key elements that made private companies more effective compared to public ones, to be leadership. The conclusion that can therefore be arrived at is that leadership is the process of achieving goals by setting others to willingly join in. the most substantial of leaders in their influential personality that has positive relation with the follower's job satisfaction and the performance.

Leadership as the process by which a person called the leader is involved in the responsibility of directing the activities of people i.e. its subordinates or followers towards the achievement of pre-determined goals. Leadership is one of the major management functions. The impact of effective leadership is dramatically demonstrated over and over again on national scale in every country's history and on a local scale in every organization's part. The organization without effective leadership is in trouble. In the school context therefore, the headmaster's role as a leader is a necessity if the objectives of education must be achieved.

The emphasis of this definition is that ideally, people should be encouraged to develop not only willingness to work but also willingness to work with zeal and confidence. Leadership has also been interpreted more specifically as the use of authority in decision making exercised as an attribute of position, personal knowledge or wisdom. Ejiofor, P.(1989) defined leadership as a social influence process in which the leader seeks voluntary participation of subordinates in an effort to reach organizational objectives. Similarly, Tennenbaun et al. (1968) defined leadership as interpersonal influence exercised in situations and directed through the communication, towards the attainment of a specific goal(s). Adebakin and Gbadamosi (1996) defined leadership as the process of influencing and directing the activities of an organized group towards the achievement of the group of organization set objectives. As a process, he sees it as the use of non-coercive influence to shape the goals of a group, motivate behaviour towards the achievement of these goals and help define group or organisational structure. As a property, he sees leadership as a set of characteristics attributed to individuals who are perceived to be leaders.

### **Quality and roles of a good leader in an organisation performance**

The role of a leader in an organization is to help identify worthless goal, help devise appropriate strategies to achieve such goals and provide direction and motivation for the group so that agreed upon goals can be attained. The leader must recognize the value system that operates in a variety of work group and situation. They must listen to questions as well as provide answers. He must comprehend the difficulty of being a subordinate so as to understand the fear.

There are some qualities that a good leader must possess in order to enhance the affairs of an organization; some of such qualities are as follows:

- ✓ **Ability to be objective:** Leaders should examine each situation before making decisions. Objectivity is the ability to look at issues and problems rationally or impersonally without bias.
- ✓ **Ability to be perceptive:** This entails the ability to observe or discover the realities of one's environment. Leaders in organization need to know the objectives and goals of the entire organization so that they can work to support these goals.

- ✓ **Ability to establish proper priorities:** The ability to recognize what is important and what is not. A leader is to know which alternatives are worthy of consideration or not.
- ✓ **Human relations:** This is otherwise called interpersonal relationship. A leader should be strong in his human relations attitude, especially when his job is done through the subordinates. Developing and understanding the appropriate human relations skills will earn the leader healthy respect. Ojo (1998) believes that based on the human relations theory, jobs should be designed and work scheduled to ensure that jobs provide workers with meaningful work sense of responsibility as well as opportunity to participate in decisions affecting their job.
- ✓ **Crises manager:** A leader should be able to settle disputes or differences among his employees as well as issues which impairs employees output.
- ✓ **Effective decision:** The ability of a manager to plan strategically depends on his effective decision making. Effective decision making in a contemporary management involves defensive avoidance, collecting more and more information about the cost and utility of each alternative and comparing them systematically in order to choose the most effective costs.

### Leadership and organization

Leading is a process of influencing and directing the activities of an organized group to accomplish goals by communicating with them. Leadership is therefore premised on interpersonal relationship; hence a leader must belong to a group. What this implies is the leadership thrives in an organization.

According to Adebakin and Gbadamosi (1996) organization comprise of two or more people who exist on continuous basis with the intention of accomplishing set goal(s). Every organization consists of three major elements, which must interrelate effectively it's the objectives and goals of leadership to be achieved. They are the management, time, people and task. Within an organization Leadership is the management function that is concerned with continuous search of the best way to influence subordinates to accomplish goals and objective within the continuous process of coordinating man, money and material. It involves the sum total of behaviour of an executive in his direct relation with subordinates. Management as the body of leadership determines policies, rules and procedures guiding relationships and activities in an organization, which to an extent determines the effectiveness in achieving the organization goals and objectives. Where two or more people interact, the environment for the formation of a group is created. When individual in the group coexist and associate for common purpose and when the group persists for a sufficient period of time organization develops.

The role of a leader in the group is to provide direction, co-ordinate the activities of the individual members constituting the group and to ensure consistency. The image of the leader and the quality of leadership is reflected through the organization and the attitude of the subordinate in the performance of their task. Thus, the leader in the use of his organizing power decides the pattern of work behaviour, task operation and ethnic of subordinates. Leadership is vital to employee performance and corporate excellence. Consequently organization spend substantial sum of money in search of effective leadership in training of their personnel in effective leadership behaviour. There is also relative scarcity of effective leadership and that is why organizations search constantly for it and lead them to effect, design and develop all the effective leadership potentials possible in those who are associated with corporate management.

### Organisational performance

Performance has been defined as presented in their European journal of Economics, finance and Administrative science (2009) as the level of an individual's work achievement after having exerted effort. They also present the views of Cummings and Schwab on the same issue who believe that performance is ultimately an individual phenomenon with environmental variables influencing performance primarily through their effect on the individual determinants of performance ability and motivation. That it has been widely accepted that effective organisations required effective leadership and organisational performance will suffer in direct proportion to the neglect of this. In view of the above, again state the view of who confirmed the link between high performance and leadership in the United States by developing a model of charismatic/transformational leadership where the leaders' behaviour is said to give rise to inspiration, awe and empowerment in this subordinates, resulting in exceptionally high effort, exceptionally high commitment and willingness to take risks.

### III. Methodology

This research therefore covers one selected organisational firm in Abuja, namely Coco cola company, Abuja. Secondary data were obtained through books, journals, internet and company information, and empirical works of other scholars. A sample size of 250 was obtained from the population of 505 at 5% error tolerance and 95% degree of freedom using Yamane's statistical formula 250 (100%) of the questionnaires distributed 200 (98%) were returned and 5 (2%) were not returned. The questionnaire was designed in Likert scale format. The researchers conducted a pre-test on the questionnaire to ensure the validity of the instrument. Pearson moment product co-efficient and regression analysis were used to test the hypotheses.

#### Test of hypotheses

H<sub>1</sub>: Leadership determines the impact in organization and performance.

H<sub>0</sub>: Leadership determines did not the impact in organization and performance

**Table 01. Correlation between impact of leadership and organisation performance**

	Correlations	Effective leadership	Level of performance
Effective leadership	Pearson Correlation	1	.536 **
	Sig. (2-tailed)	.200	.000
	N		250
Level of performance	Pearson Correlation	.536 **	1
	Sig. (2-tailed)	.000	.200
	N	250	

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

According to above calculations it is observed that amount of correlation coefficient between level of performance and effective leadership is equal to 53.6 per cent and considering that a significant level is less than 5%. Then we can say that there is a positive relationship between effective leadership and level of organisation performance. This implies that one percent increase in effective leadership will lead to 53.6% increase in level of organisation performance.

#### Regression analysis test of level of organisation performance and effective leadership:

##### Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.965a	.716	.586	3.79952

##### a. Predictors: (Constant), effective material management

Regression coefficient of R=.965 or 96.5% indicate that relationship exist between independent variables and dependent variable. The coefficient of determination R<sup>2</sup> = 0.716 which show that 71.6% of variation in level of productivity is explained by effective leadership. The adjusted R-square in the table shows that the dependent variable, (level of productivity) is affected by 58.6% by independent variable (effective leadership). It shows that effective leadership is responsible for level of organisation performance.

##### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant) effective material management	12.310	.901		13.656	.002
	1.056	.085	.536	12.426	.000

**b. Dependent variable: level of performance**

The coefficient of determination for effective leadership is positive (1.056) and is highly significant (0.001) in ensuring level of performance. The p-value of 0.000 is less than the t-statistic value of 12.426 and the standard error value of 0.085. This implies that a unit increase in effective leadership will lead to 1.056 increases in level of performance. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted, which means that there is a relationship between the effective leadership and the level of organisation performance.

**Hypothesis two**

H<sub>2</sub>: There is a relationship that exists between leadership and organization performance.

H<sub>0</sub>: There is no relationship that exists between leadership and organization performance.

**Table 02. Table of correlation between material management and improving the company productivity**

	Correlations	Leadership	Improving the company performance
Leadership	Pearson Correlation	1	.473**
	Sig. (2-tailed)	.200	.000
	N		250
Improving the company performance	Pearson Correlation	.473**	1
	Sig. (2-tailed)	.000	.200
	N	250	

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

According to above calculations is observed that amount of correlation coefficient between leadership and improving the company performance is equal to 47.3 percent and considering that a significant level is less than 5%. Then we can say that there is a positive relationship between leadership and improving the company performance. This implies that one percent increase in leadership will lead to 47.3% increase in improving the company performances.

**Regression analysis test of leadership and improving the company productivity:**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773 <sup>a</sup>	.624	.722	3.96426

**a. Predictors: (Constant), leadership**

Regression coefficient of R=.773 or 77.3% indicate that relationship exist between independent variables and dependent variable. The coefficient of determination R<sup>2</sup> = 0.624 which show that 62.4% of variation in improving the company productivity is explained by leadership. The adjusted R-square in the table shows that the dependent variable, (improving the company productivity) is affected by 72.2% by independent variable (leadership). It shows that there are positive effects of leadership on improving the company performance.

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	15.036	.806		18.644	.000
leadership	1.319	.125	.473	10.520	.000

**b. Dependent Variable: improving the company performance.**

The coefficient of determination for leadership is positive (1.319) and is highly significant (0.000) in improving the company productivity. The p-value of 0.000 is less than the t-statistic value of 10.520 and the standard error value of 0.125. This implies that a unit increase in material management will lead to

1.319 increases in improving the company productivity. Therefore, the null hypothesis is rejected and alternate hypothesis is accepted, which means that there are positive effects of leadership on improving the company performance.

#### IV. Conclusion

This research work has shown that for any organization to survive, appropriate impact of leadership on the employee must be followed. It is hoped that the presentation of leadership in this project will contribute to the better understanding of the need for adopting of Democratic, participative leadership in an organization, which will enhance organizational effectiveness. It was inferred that democratic or participative types of leadership is the best of all the leadership styles because of the benefits that will be derived from it by the employees amid the overall result to the organisation as a whole. The study also shows that it is necessary to effect changes in impact of leadership when the need arises in an organisation in order to enhance performance. Organisations are established for specific purpose and objectives, people also join organisations to satisfy their needs, and in so doing they contribute to organizational performance to achieve the objectives of the organization. Therefore, it is the responsibility of every leader to build an organization that will function effectively because the extent to which he/she succeeds will depend considerably on subordinates willingness to cooperate with him/her among other things will depend on the degree of congruency between the leadership style adopted by the leader and the expectations and desires of the subordinates.

The survey results confirm that an individual who demonstrates leadership skills will be promoted more easily. Thus, employees need this trait in order to achieve their career goals. However, quality leadership is important not only for individual's career pursuits, but is also significant because it influences the whole project process. Moreover, leadership is growing in importance, particularly in light of the booming construction market and the shift toward global projects and global project teams. Because the world is changing and because problems and projects are becoming even more complex, one can no longer assume that a sole executive or manager can solve all problems by himself or herself. No one person can deal with all of today's rapid changes, competitive threats, and escalating customer demands. Instead, effective leadership must permeate the organization.

#### V. Recommendation

Based on the findings from the study is on the impact of leadership on the organization performance collected by personal observation and though the questionnaire conducted in the organization; it is necessary to offer the following recommendations.

- ❖ Subordinates should be education about the need for harmony with them and their leaders in the work place for the mutual benefit of both parties.
- ❖ This research examined the effect of leadership styles on workers performance by studying only one organization. It is therefore suggested that a similar study be carried out which will cover more companies in order that the subsequent findings may be compared with the finding of this research.
- ❖ This could be in form of adequate remuneration to staff and the avoidance of unnecessary bias or a show of favouritism in handling staff grievances and other related matters.
- ❖ That leadership is one of the tools used in attainment of organizational goals and objectives, therefore every organization should as issue of importance, ensure of getting the right leader that will man their organization; in order to achieve their set goals/objectives.

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