Impact of Leadership Style on Organization Performance: A Critical Literature Review

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Abstract

The emphasis is on how organizations, agencies, parastatals, industries, and countries can get effective leadership style to achieve set goals. There are vacuum of true conscious leaders, whether in politics, religion, organization, business, education, sports or institutions. There is desperate need of competent, principle, sensitive, compassionate and conscious leaders. In this the research emphasis will be placed on the need to know what makes a leader and what makes a follower. Qualities that distinguish leaders from followers. The various styles of leadership and how goals can be set and achieved. This research is about the missing link in leadership styles, with impact on the performance of the follower or employee of an organization with focus on Nigeria organization.

Keywords: Influence; Organization; Management; Behavior and productivity

Introduction

This research work will focus on review of relevant literature. Effort will be made towards obtaining previous works on the topic of this study and related topic for review purposes. Appropriate journals, periodicals, newspapers, write ups and seminar/conference papers dealing on impact of leadership styles on organizational behavior and productivity with specific reference to Nigeria organization will be reviewed. This research will also discuss leadership style and their main types, relevant theories of the study, relationship between impact of leadership on employee performance and factors affecting the choice of leadership styles, role of leadership to employee.

Definition of leadership

According to Lawal [1] 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”. According to Koontz et al. [2], “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.

**Nwanchuckwu [3] defines leadership simply as an act that involves influencing others to act toward the attainment of a goal**. Ubeku [4] defines leadership as the act of motivating or causing people to perform certain task intended to achieve specified objectives. Leadership is the act of making things happen rather than letting things happen. This the leader does by exerting both intrinsic and extrinsic influences on the group. Even though leadership is the most visible of the management functions. Largely because it deals so much with people. It has variously been referred to as directly, commanding, guiding, Inspiring, initiating, and activating. However, all stand for the same purpose whatever denotation used. The user, as the striking feature of all suggests a relationship through which one person influences the behavior of other people [5]. Leadership has different meanings to various authors. Some have interpreted leaders in simple term such as the influence, the art or process of influencing people so that they will strive willingly and enthusiastically towards achievement of group goals [2].

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. Ejio [6] defined leadership as a social influence process in which the leader seeks voluntary participation of subordinates in an effort to reach organizational objectives. Similarly, Tennenbaum et al. [7] defined leadership as interpersonal influence exercised in situations and directed through the communication, towards the attainment of a specific goal(s). Adebakin and Gbadamosi [8] 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. The foregoing Lions show leadership been based on function of personality, behavioural category, the role of a leader and their ability to achieve effective performance from others, the interpersonal behaviour and the process of communications.

Despite these variations, there are at least three important implications of these definitions. Firstly, leadership is a process engaged in by certain individual (leaders). It is an on going activity in an organization. Secondly, it involves other people in form of subordinates who by their willingness are influenced by the leader. Therefore, the subordinates formalize the leader’s authority by making leadership process possible. Thirdly, the aim of leadership is accomplishment of goal and objectives, a pointer that the leaders attempt at influencing the subordinate are directional and therefore aim at level of achievement.

Concepts of leadership

According to Lawal [1] leadership is the process of influencing others to work willingly toward an organizational goal with confidence. According to Asika [9], “leadership is generally defined simply as the process of influencing people to direct their efforts towards achievement of some particular goal or goals”.

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According to Koontz et al. [2] "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 seen to include not only willingness to work but with zeal and confidence. Sikula [5], sees "leadership simply as an act that involves influencing others to act toward the attainment of a goal". According to Akpala [10] "leadership has been defined in terms of functions performed by executives as 'individuals and as a group'". This concept clarify that the responsibility of the superior is to direct behaviour into channels that promote the achievement of organization and departmental goals. Further studies have been carried out by researchers to examine the issue of leadership

In the view of Eze [11], he sees Leadership as a relational concept involving both the influencing agent and the person being influenced. This he claimed means that without followers there can be no Leader. He further indicated that the factor which interact to produce an effective leader include not only the abilities and characteristics of the group he is leading, but also the characteristics of the situation in which his leadership takes place. To round it up, Eze [11] described the Nigeria leader as having authoritarian leadership characteristics and practices. They seem to maintain a rigid dictatorial approach to management as well as a master-servant rider horse relationship with subordinates. A Nigeria by nature and training is autocratic and demands nothing but respect and obedience from his is subordinates.

Eze [11] posited further that leadership particularly in the public sector becomes the 'cradle of influence to rule enforcement and productivity, shoddiness and inefficiency, double standards, lack of seriousness and indiscipline. Okafor [12] explains that Nigerian leader in the foreign owned private sector is also an autocrat who maintains a master-servant relationship with his subordinates. He equally hold the concessory view of public office; but unlike his counterpart in the public sector, he is conscious, works hard to reach target set for him by his foreign masters and is highly responsible and accountable. He does this because of his fear of dismissal and because he enjoys good working conditions and good fringe benefits. Akpala [10] concluded that the consequences of this miserable style include the characteristic work attitude of the Nigerian work force.

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 [8] 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 behavior 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, coordinate 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 behavior, task operation and ethnic of subordinates.

Leadership is vital to employee performance and corporate excellence. Consequently organization spends substantial sum of money in search of effective leadership in training of their personnel in effective leadership behavior. 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.

Leadership Behavior and Styles

Leadership behavior and style is the way in which the functions of leadership are carried out, the way in which managers typically behave towards members of the group. Onosode [13] further stated that there are many dimensions to leadership and many possible ways of describing leadership style such as dictatorial, unitary, bureaucratic, charismatic, consultative, participative and abdicatorial.

However, the style of managerial leadership towards subordinate's staff and the focus of power are better classified within a three-fold heading, namely:

**Autocratic leadership**

Adebakin and Gbadamosi [8] described an autocratic leader as one who is very conscious of his position and has little trust or faith in the subordinates, he feels that pay is just a reward for work and it is only the reward which can motivate.

The leader gives order and insists follower to carry out (Figure 1).

Koontz et al. [2] suggests that autocratic leadership is useful in:

i) Situation of emergency

ii) In case where homogenous work force are involve, and

iii) Where the leader is wise, just and has considerable understanding of the followers.

He also identifies some shortcoming of autocratic leadership as:

i) The inability of the subordinate to develop pride of accomplishment,

ii) Denial of personal development or satisfaction from self-actualization, and

iii) It also antagonizes human beings and rubs the organization of lasting loyalty and co-operation

**Democratic leadership**

The democratic leader allows for decision making to be shared by the leader and the group. Criticism and praises are objectively given and a feeling of responsibility is developed within the group. Akpala [10] argued that this form of leadership is claimed to be earliest amongst all other leadership style. The managers discuss with the subordinates before he issues general or broad orders from which subordinates feel free to act on. The superior allows the subordinates opportunity to use their initiative and make contributions. The leaders also offer supports to the subordinates in accomplishing task (Figure 2).
**Laissez-faire leadership**

Laissez-faire type of leadership is at the other end of the continuum from the autocratic style. With this type, leaders attempt to pass the responsibility of decision making process to the group. The group is loosely structured, as the leader has no confidence in his leadership ability. Decision making under this leadership is performed by whoever that is willing to accept it. Decision making is also very slow and there can be a great deal of "buck passing".

As a result, the task may not be undertaken and tile conditionally become chaotic Flippo et al. [14] as quoted by Akpala [10] (Figure 3).

**Different Types of Power**

Within an organization, leadership influences will be dependent upon the type of power that the leader can exercise over the workers. Power is the capacity to influence. Okafor [12] defines power as capacity to influence another through a control over needed resources.

The exercise of power is a process, which helps to explain how different people can influence the behaviors and actions of others. Driving from Okafor’s definition, he posited that there are five different forms of power upon which influence of the leader is based. These are:

**Legitimate power**

Legitimate power is based on the subordinate perception that the leader has the right to exercise influence because of the leader’s positive in the role organization. Adebakin Gbadamosi [8]. Legitimate power is based on authority, for example, that of a manager and supervisor within the hierarchical structure of an organization. It is therefore, a “position” power because it is based on the role the leader plays in the organization and on the nature of the leaders personal relationship with others.

**Reward power**

Reward power is based on the subordinate’s perception that the leader has the ability and resources to reward or mediate rewards for those who comply with directive.

**Coercive power**

Coercive power is an opposite side of reward power. It is based on the subordinate’s perception that the leader has the ability to punish or bring about undesirable outcome to those who do not comply with directives.

**Export power**

Expert power is based on the subordinate’s perceiving that the leader has expert knowledge in a given area. It is based on credibility and clear evidence of knowledge or expertise. The expert power, just as reward, power is usually limited to the amount of reward the leader can offer, and a well-defined area or specialization respectively.

**Referent power**

Referent power is based on the subordinates willingness and desire to identify’ with and accept certain personal characteristic as necessary for leadership. Such leader may not posses power or reward or punishment but may still exercise power over subordinates because he commands their respect or esteem.

It could be noted that the first three powers are given by the organization and the last two are based on an individual’s characteristics behavior given by the organization. Organization powers to influence as noted by Akpala [10] are directional anti arc aimed at some level of goal achievement and accomplishment.

**Qualities of a Good Leader**

What makes a leader effective? Most people when probably asked would admit that effective leadership results from certain desirable characteristics from certain desirable qualities which manifest in result, rather than describing it. However, exhibits the following qualities.

**Dedication**

Organizational effectiveness is a function of how committed a leader is to the goals and objectives of that organization. Dedication is measured on the basis of work done as well as its efficiency. It is therefore a function of self-sacrifice and an air of complete commitment.

**Communication**

In the time past it was common among business executives to make plans and discussions and keep it to themselves now-a-days management as revealed by Peter Drucker [15] shows that effective managerial leadership considers communication as management by objective (MBO). This involves giving subordinates an access to experience decision making by communicating them to top management priorities. It will enable subordinates to do what the situation demand and the responsibility of the decision, unclear communication and goal could lead to ineffectual tasks.

**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.
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.

Crisis 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.

Endurance
A good leader should have empathy for his subordinates and
ensure that he understand their problems and help to provide solution
to them. Hence they are emotionally mature so that they are neither
easily discouraged by defeat nor overwhelmed by success. They have a
high tolerance for frustration.

Administrative skills
A leader must possess the ability of managing the various resources
(human, material and financial) of an organization in an efficient and
effective manner to avoid redundancy or wastage.

Decision making
This is a very significant attribute of leadership. In an attempt
to solve organizational problems and to make sound and effective
decision, the leader should possess a good knowledge of problem
solving techniques.

Expert opinion
A leader of a formal organization should have exerted knowledge
of what the organization aims to achieve. This is one important source
of his power as a leader. It is only when a leader is an expert that he can
give quality and progressive decisions.

Theoretical Framework of Leadership
Many theoretical concepts have been used to describe leadership.
Prominent among them are the traits approach, the situation concepts
and combinations traits, and situation concept approach manifesting
into the group dynamic approach.

Theory x and theory y
Finally, the popular ‘theory X and theory Y developed by Douglas
McGregor has also made a tremendous impact on the study of
leadership. According to McGregor, the relationship between the
leadership style adopted by a manager and the latter’s perception of the
subordinates is reflected in the two sets of assumptions as stated below:

Theory X assumptions: Average human beings prefer to be directed, wish to avoid
responsibility, have relative little ambition, and want security above all.

The Trait approach: The trait theory or approach to leadership
suggests that the person who emerges as a leader in a group does so because
he possesses certain traits. This is the basis of saying that “Leaders are born
not made” [1]. Like all client there are some elements of truth in the saying
although it cannot be taken generally. The approach suggests that effective
leaders should have:

- Integrity: This is defined as the quality which makes people trust
you. It means literally personal wholeness.
- Enthusiasm: This is a general characteristic of leaders.
- Warmth: A warm personality listens and accommodates, calmness,
and tough no matter how valuable the traditional approach might be in
the long term, it may not he considered the best approach to the study
of leadership in an organization. But the study of leadership in terms of
qualities of personality and character as it differs from person to person
goes a long way in understanding leadership but it is far from being the
whole story.

Theory Y assumptions: The assumptions under theory Y are seen
by McGregor as follows:

- The expenditure of physical effort and mental effort in work is as
natural as play or rest.
- External control and threat of punishment are not the only means
for bringing about effort toward organization objectives. People will
exercise set i-direction and set F control in the service of objectives to
which they are committed.
- Commitment to objectives is a function or reward that is associated
with their achievement.
- Average human beings learn, under proper conditions not only to
accept but also seek responsibility
- The capacity to exercise a relatively high degree of imagination,
ingenuity, and creativity in the solution of organizational problems is
widely, not narrowly distributed in the population.
- Under the conditions of modern industrial life the intellectual
potential of the average human being are only partially utilized. By
this theory McGregor, again demonstrated the factors that influence
practical managers in choosing a leadership style, which would in turn
impacts positively or negatively on the subordinates, and consequently
on the entire organization.

By implications, managers who believe in “Theory X assumptions
would tend to adopt an autocratic leadership style, while those who
view subordinates at theory Y’s angle would tend to adopt a democratic
leadership style.

However, McGregor warned managers viewing the theory as
representing two opposite extreme style of leadership. But instead,
recommended that an effective manager should recognize the dignity
and capabilities, as well as the limitations of people and adjust behaviors
as demanded by the situation.

The situational concept approach
A second main approach to the study of leadership by Stogdill [16]
emphasizes on the importance of the “situation” in determining who
should become the leader of a group. The approach summarizes three
major areas of need in working groups. They are:
- The need to achieve a common task
- The need to be held together as a working team and
- The need which each individuals has by virtue of being human

The group approach was of the opinion that leadership is vested in the function not in a person. That anyone who provides a hind which is accepted or effective in a group is the leader for that moment. This is because some group do have safety leaders, appointed or elected individuals who would come up with the necessary function if no one else did so.

The contingency approach

The approach was developed by a group of researchers and consultants who tried to apply the concepts of the approaches of the main schools of thought as highlighted above to real life situations. They found, there is no single design that is best for all situations. Solutions to problems depend on the particular situation or environment. Prominent among the researchers include Woodward et al. [17] who theorized the leadership situation is contingent upon the position, power, the tasks structure and leadership member relation.

Leadership and Management

One general misconception about leadership is regarding it as management. Although some scholars treat the terms management and leadership as synonym, this is not correct. As a matter of fact there can be leaders completely from an unorganized group, but there can be managers as conceived in an organization only where organized structure create roles.

Two terms however cannot be entirely put differently. Addair [18] argued that the truth is that leadership and management are different concepts but they overlap very considerably. Both are about achieving objective, getting result through people. Addair [18] gave these distinctive undertones, that management implies good administration, the efficient and effective use of all resources especially money. It deals with installation, maintenance of systems, administration and control of finance. It looks at people as things and human resources and not as persons, free and equal intelligent, motivated and immensely capable. Unlike leadership, none of those distinctive undertones of management are the same in the industry and commerce they go together. Leadership is about giving direction, building a team and inspiring others word leadership and changes go together. Management entails the proper and efficient use of resources and it is inspired leadership.

Conflicts of Measurement of Productivity and Organizational Goal Attainment

The performance of any company in terms of growth is usually derived from the productivity of that company. Productivity as a Concept can be traced back to the great economist called Adam Smith in his popular book The Wealth of Nation’, he propounded the theory of division of labor. His concern was on how best the processes of production could be organized among employees in order to create increased output in an organization.

While considering the output/input method, Ocho [19], opined that production is a function of a number of variables, lie measured that motivation is one of the major factors that can effect on the productivity of an organization. He was of the opinion that employers of labor should relate employees reward to the present economic situations order to generate the desired organization objectives. According to Ocho [19] it is not only money and bonuses that can motivate employees, recognition, respect, honor and reward but should have roles to play in encouraging employees to increase their performance.

Current Literature Review

The leadership styles currently advocated and adopted by most firms are based on the concept of Total “Quality Management” (TQM).

TQM is a business philosophy that embodies the belief the management process must focus on integrating the idea of customer driven quality throughout an organization as quoted by Aluko et al. [20]. It stresses continuous improvement of product quality and service delivery. Managers improve durability and enhance product with additional feature as the product matures in age. They also strive to speed delivery and improve other services to keep their brands competitive.

The philosophy underlying the implementation of TQM strategy is to see organizational customers and clients as the vital key to organizational success. Organizations with TQM strategy see their business through the eye of their client and customers, and then, measure their (organizations) performance against customers/clients expectation, not through organizational expectations. Therefore, a Nigeria organization that employs TQM strategy evaluates its operations through the eyes of its customer and clients.

The implication of the above is that functional managers are expected to select and adopt the best style of leadership that would influence their subordinates to work with zeal toward the attainment of their organizational goals/objectives.

Also, since organization performance is measured in terms of its overall corporate entity, it implies that Total Quality Managers should go further than production operations/activities and involve every staff in the organization. The job of every staff in the organization should be linked to the production and marketing of high quality, low-cost products that satisfy customers/clients’ needs and wants.

Moreover, Nigerian companies that have accepted and applied TQM philosophy should see their organization staff as internal customers or clients. For example, an accountant in a manufacturing firm who prepares a report for the firm’s sales manager should see the latter as a customer/client who will use his (accountant’s) report to make sales management decisions that will be useful to external customers/clients who buy the firm’s products. Every staff in the organization should contribute reasonably to the improvement and satisfaction of customers/client’s needs and wants.

According to Aluko et al. [20] TQM requires total organizational staff commitment. Quality can be achieved only by companies in which all staff are committed to quality motivated and trained to deliver it.

Hence, successful companies remove the demarcations between departments. ‘Their staff works as a team to carryout major business process and to create the desired results. Organizational staff works in order to satisfy their internal customers as well as external customers. TQM also consider and reward the efforts of those directly involved, both inside and outside the organization.

It embodies the concept of integrity, honesty, commitments, participation and ownership. The model places values and respects for the individuals within the organizations.

Viewed from the above perspectives, the recent developments in the field of effective leadership calls for:
α. A total change from all of autocratic and authoritative leadership styles that tend to stifle employees initiatives, thus reducing their contribution toward corporate performance.

β. Elimination of all forms of suboptimal decisions aimed at achieving departmental goals/objectives at the detriment of the overall corporate goals/objectives.

χ. A decentralization of decision-making responsibility to a well-trained problem solving labor force i.e. employee participation in decision-making.

δ. A breakdown of organizational barriers between departments and managerial levels so that cross functional management becomes normal operating procedures i.e. the concept of “empire building” should be eliminated.

e. A linkage of reward and measuring systems both formal and informal to support these new directions i.e. more effective performance appraisal system.

φ. Total commitment of all categories of employee in achieving corporate excellence.

According to Aluko et al. [20], Nigeria firm that do not practice the above suggested strategies may have the following characteristics:

α. Senior organizational staff, while appearing to be polite amid rational, increase loses faith in each of the organization’s efforts become less coordinated as organization staff does things in order to satisfy their own vision of the future.

β. A common feature of such company is the external “bogey-man”, either in the form of an ignorant group headquarters or some other external regulations or constraints. It implies illogical dictates this absorbs the many reasons for the lack of success and incoherent management style.

χ. Internally, morale is low often with glimmering discontent, ignorance abounds levels of scraps and rwork and acceptance considered much better that they use to be. Everyone acceptance the impossibility of doing any better. Methods tend to the traditional, with no one really understanding exactly what is happening. There is no procedure. Indeed, procedures follow practice with desperate attempts to get the procedures in order, prior to external audit. There is no steady development of procedures to improve process. Consequently, this would impact negatively on the employees and overall corporate performance.

In the light of the above perspectives, it is observed that while the historical contributors to the study of effective leadership saw the choice of the best leadership style as a prerogatives of the managers, after taking cognition of the prevailing situations, the recent developments makes it mandatory for leaders to adopt a democratic and participating leadership style in order to ensure the achievement of corporate goals and objectives. However, whether or not the style of leadership adopted by a manager has impact on employee performance and corporate excellence would be combined after testing the relevant research hypothesis.

Summary

The basic objective of the study has been the determination of the Impact of leadership on employee performance. Attention was also focused on the topic in creating efficiency on organizations that fully embraced effective leadership styles.

During the study the following findings were made: Leadership impacts significantly on employee performance and participative leadership styles helps to improve performance among employee. That there is good delegation of power and responsibility to the employee of the organization to enhance their service delivery. There is good incentive to enhance employee performance in the organization. This is so because without good welfare package it will preclude the organization to satisfy the public. That there is excellent means of. Communication between the superiors and the subordinates to ensure free flow of work. Modern communication gadgets have helped to make this possible. The organization set goals and targets for the employees to meet and often pushes the employees to meet up schedules. That there is increased performance of an activity in the organization during the period under study and this is occasioned by good working condition, improved salary and other incentives.

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 organization as a whole. The study also shows that it is necessary to effect changes in impact of leadership when the need arises in an organization in order to enhance performance.

Furthermore when there is good leadership there will be corporate behavior by the employee, targets will be met and ultimately there will be satisfaction on the part of the employee and the employers.

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