An Empirical Study of the Relationship between Leadership Styles and Organizational Performance using some selected Food and Beverage Firms in Nigeria

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Abstract: This paper studied the relationship between leadership styles and organizational performance within selected food and beverage industry in Nigeria. Five firms: UAC Nigeria, Flour Mills of Nigeria Plc., Cadbury Plc., Seven-Up Bottling Company Plc., and Unilever Plc. were considered as case studies. A well-structured questionnaire was used as data collection tool. Out of 240 questionnaires administered, 220 were filled and returned indicating that approximately 92% of the questionnaires administered were used for this study. Chi-squared test statistic as well as Coefficient of Contingency was used for data analysis; the computations were performed within the environment of R-statistical package. Having empirically established that leadership styles do not depend on organizational performance, the author was able to conclude that approximately 19% degree of association exists between leadership styles and organizational performance.

Keywords: Leadership Styles, Organizational Performance and R-package.

INTRODUCTION

Background of the Study

A leader oversees, coordinates and regulates the overall functioning of an organisation. A leader can be likened to the rudder of a ship or the driver of a vehicle who gives direction. However, the fate of any organisation is determined by its leadership. Fiedler, [1] submits that the effectiveness of a leader is a major determinant of the success or failure of a group, organisation, or even an entire country. Leadership Style is the leader’s behaviour that has expressed ability to influence the subordinates toward the achievement of goals [2]. Leadership change is the process encompassing both the departure and exit of the predecessor and the incoming of the CEO successor respectively [3].

In this perspective, there is no way we can briefly discuss leadership without talking about organization because both usually move 'like five and six'. Thus, an organisation is a social entity that is designed to achieve goals and is deliberately structured, which means that tasks are divided and the responsibility for organisational performance is assigned to organisation members [4]. Also, we can talk about organisational performance as the competency of an organisation to transform the resources within the firm in an efficient and effective manner to achieve organisational goals. Indeed, one way in which organisations have sought to cope with the turbulence and volatility of internal and external environments is by training, re-training, developing and equipping leaders with the appropriate skills [5]. These claims, however, are based on the assumption of a direct link between leadership and organisational performance as pointed out by many previous studies.

It should be noted that in today's rapidly changing environment, when multiple challenges are faced, organisations must learn to adapt in order to survive and prosper. The current regime of world business challenges of outsourcing, mergers, take-overs, re-engineering, business failures and globalization in the private sector as well as privatization, rightsizing, downsizing, layoffs, retrenchments and oil subsidy removal in the public sector has called for appropriate leadership strategies or steps that will guarantee operational survival, innovativeness, effectiveness and efficiency, and also probably motivate employees extrinsically, intrinsically and transformationally [6].

In a nutshell, there are many factors that lead to the aforementioned challenges, and organisations may encounter many more challenges as they
endeavour to adapt to the various challenges of the world. Developing and emerging economies, particularly in Nigeria, are characterised by poverty, penury and deprivations which could be attributed to poor managerial leadership in both public and private sectors. The World Development Indicator (WDI) as cited by Izedonmi [7], the factors responsible for the slow rate of growth and development in African nations are colonial legacy, backward technology, poor social conditions, ethnic and tribal divisions, deficient infrastructures, macroeconomic policy mistakes, hostile external environment, dependency on primary commodity for exports, high illiteracy rate, low incomes, low savings habit, and absence or insignificant industrial activities. These factors and others like corruption, social insecurity and communal crises, could all be attributable to poor and inept leadership in the developing economies, both at public and private sectors [8].

As many organisations have shifted away from traditional models of management originally developed for production-oriented firms, and now require a broader range of leadership skills, styles or changes adaptive to the diversity of challenges in the work environment, and as information technology and globalization become more pronounced, leadership changes have been considered most dynamic to meet the increased competition and challenges that did not exist a few decades ago [9].

Statement of the Problem

Many authors have published several papers on leadership styles and organizational performance. In fact, many of these publications are available both locally and internationally. From the prior studies on leadership change and style, many authors discussed the correlation between chief executive officer (CEO) change and organizational performance as two perspectives: CEO exit and in-coming CEO succession. The perspectives are usually treated separately as independent events, but considering their interconnectivity and intimacy of their effects on organisational processes and outcomes, this paper investigated deeper the relationship between leadership styles and organizational performance on different types of leadership styles being widely used in some selected food and beverage industry in Nigeria as case studies. This will add to the existing literatures on research connecting leadership styles with organizational performance.

Objective of the Study

The study is to investigate the dependence of leadership style on organizational performance by examining if there is any significant relationship between these two variables of interest, and to determine the degree at which leadership style is related with organizational performance using food and beverage industry in Nigeria.

Research Questions

This paper addressed issues relating to the following pertinent questions emerging within the domain of the study problems:

- Is there any significant relationship between leadership styles and organizational performance?
- At what degree are leadership styles related with organizational performance?

REVIEW OF RELATED LITERATURE

Leadership and Leadership style

Leadership, as the name implies, is 'life blood' of any organization and its importance cannot be underestimated. Many authors have studied this phenomenon, but there is no conscious definition of what leadership is, no dominant paradigm for studying it, and little agreement regarding the best strategies for developing and exercising it [10, 11, 12, 8]. Humphreys [13] views leadership as that kind of direction, which a person can give to a group of people under him in such a way that these will influence the behaviour of another individual, or group. [14, 8] perceive leadership to be a reciprocal process of social influence, in which leaders and subordinates influence each other in order to achieve organisational goals.

On the other hand, Leadership style is viewed as the combination of traits, characteristics, skills and behaviours that leaders use when interacting with their subordinates [3, 13, 15]. Fiedler [1] postulates that leadership style refers to a kind of relationship whereby someone uses his ways and methods to make many people work together for a common task. Also, Nongo [8] sees leadership as a pattern of managerial behaviour designed to integrate personal or organizational interest and effect, in pursuit of some objectives. In modern leadership theories, five leadership styles have been presented to include charismatic leadership,(transactional leadership, transformational leadership, visionary leadership, and culture-based leadership [16, 17, 18, 19, 20]. Also, Judge, Bono, Ilies & Gerhardt [21]. Oyedijo, [9] Galoji, Ahmad & Johari, [22] and Oladipo, Daskareem & Salami [23] identify four different types of leadership styles (autocratic, democratic, transformational and Laissez-faire) which have been most widely accepted and used; these leadership styles, which centre around Mc Gregor's Theory 'X and Y' assumptions, are democratic, autocratic, dictatorial and laissez faire leadership styles.

Autocratic Leadership

Autocratic leaders are classic 'do as I say' types. Typically, these leaders are inexperienced with...
leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision-making rights. They can damage an organization irreparably as they force their 'followers' to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure this leadership produces and the removal of the leader that follows [24].

Democratic Leadership
Democratic leadership is the one where decision-making is decentralized and shared by subordinates. The potential for poor decision-making and weak execution is, however, significant here. The biggest problem with democratic leadership is its underlying assumption that everyone has an equal stake in an outcome as well as shared levels of expertise with regard to decisions. That is rarely the case. While democratic leadership sounds good in theory, it is often bogged down in its own slow process, and workable results usually require an enormous amount of effort [9, 22].

Transformational Leadership
Transformational leadership style focuses on the development of followers and their needs. Managers exercising transformational leadership style focus on the development of value system of employees, their motivational level and moralities with the development of their skills [23]. Transformational leadership acts as a bridge between leaders and followers to develop clear understanding of follower's interests, values and motivational level. It basically helps followers achieve their goals working in the organizational setting; it encourages followers to be expressive and adaptive to new and improved practices and changes in the environment [16, 17, 18, 8].

Laissez-faire Leadership
This is a French expression meaning 'lead it alone'. Subordinates, here, are given total freedom to select their own objectives and monitor their own work. True laissez-faire is, in fact, 'non-leadership' because the leader has almost no influence over the group. This makes it difficult to distinguish the leader from the followers. This leadership style is probably a descriptive ideal that does not really exist, or when it is erroneously believed that the subordinates or supervisees should be capable of doing the assigned tasks themselves [23].

Relationship between leadership style and organizational performance has been discussed extensively in many literatures. Most researches showed that leadership style has a significant relationship with organizational performance, and different leadership styles may have a positive correlation or negative correlation with the organizational performance, depending on the variables used by researchers [25, 8]. McGrath and MacMillan [26] report that there is significant relationship between leadership styles and organizational performance. Effective leadership style is seen as a potent source of management development and sustained competitive advantage, leadership style helps organization to achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that employees have the resources needed to get the job done. Sun [19] compares leadership style with the leadership performance in schools and enterprises, and found that leadership style had a significantly positive correlation with the organizational performance in both schools and enterprises.

Broadly speaking, leadership performance is identical with organizational performance. Business management attributes their successes to leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance [19]. Fu-Jin, et al. [25] opine that when executives use their leadership style to demonstrate concern, care and respect for employees, it would increase interest of employees in their work and enable them to put up better performance, thereby affecting their job satisfaction positively. Howell and Avolio [27] cited in Fu-Jin, et al. [25] also confirm that there is a positive relation between leadership style and organizational performance.

METHODS AND MATERIALS
3.1 Research Sample and Data Collection
Five firms: UAC Nigeria, Flour Mills of Nigeria Plc., Cadbury Plc., Seven-Up Bottling Company Plc., and Unilever Plc. were sampled and series of opinion of at least two hundred and twenty staff members of these selected companies were collected on leadership styles and organizational performance using well-structured questionnaire. Out of 240 questionnaires administered, 220 were filled and returned indicating that approximately 92% of the questionnaires administered were used for this study. It should be noted that each of these firms has been in existence in Nigeria for more than forty years.

STATISTICAL TOOLS
Chi-squared Test
Having displayed responses obtained from the questionnaires administered in tabular forms; Chi-

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squared Test was used for analysis. The test is tailored as follows:

**Step I: Set the hypothesis as follows:**
- $H_0$: There is no significant relationship between leadership style and organizational performance.
- $H_1$: There is a significant relationship between leadership style and organizational performance.

**Step II: Obtain the Test Statistic.**

$$
\chi^2_{cal} = \sum_{i=1}^{r} \sum_{j=1}^{c} \left( \frac{(o_{ij} - e_{ij})^2}{e_{ij}} \right)
$$

where $r$ means number of rows and $c$ means number of columns.

**Step III: Obtain the corresponding Critical Region.**

$$
\chi^2_{tab} = \chi^2_{(r-1)(c-1),1-\alpha)}
$$

**Step IV: Compare the result of Step II with that of Step III such that we reject the null hypothesis ($H_0$) if $\chi^2_{cal}$ is greater than $\chi^2_{tab}$. Otherwise, we do not reject.**

**Step V: Make appropriate conclusion on the basis of decision reached in Step IV.**

**Note:**
- If $\chi^2_{cal} = 0$, the observed and the theoretical (expected) frequencies agree exactly [28].
- If $\chi^2_{cal} > 0$, the observed and the theoretical (expected) frequencies do not agree exactly. Hence, the larger the value of $\chi^2_{cal}$, the greater the degree of discrepancy between them [28].
- Also, note that all these steps shall be strictly followed provided the analysis is to be performed manually; the study does not make use of manual computation but rather $R$-statistical package was employed. In this situation, $p$-value was generated by this package and the decision was based on the estimate of the generated $p$-value such that the null hypothesis is rejected if the $p$-value is less than the chosen level of significance, usually .05 respectively.

**Coefficient of Contingency**

This is to measure the degree of association or relationship or dependence of the classifications in a contingency table. It is usually denoted by $C$ and computed by the following mathematical relation:

$$
C = \sqrt{\frac{\chi^2_{cal}}{\chi^2_{cal} + N}}
$$

Kindly note that the larger the value of $C$, the greater the degree of association.

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

**Descriptive Analysis of Leadership Style Preference**

The following table and chart present the summary of the descriptive statistics of respondents' preference of leadership styles in connection with each of the selected food and beverage firms.

**Table I: Percentage Computations in respect of Leadership Styles Preference in each of the Firms**

<table>
<thead>
<tr>
<th>Leadership Style considered</th>
<th>Names of the selected Firms</th>
<th>Descriptive Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UAC</td>
<td>Flour Mill</td>
</tr>
<tr>
<td>Autocratic</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Democratic</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Transformational</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>Laissez-faire</td>
<td>02</td>
<td>01</td>
</tr>
</tbody>
</table>

Source: Field Survey (2016) and Author's Computation (2017)

**Data Presentation: Multiple Bar Charts**

The following figure displays the information on Table I in graphic forms as follows.
Relationship between Leadership Styles and Organizational Performance

The computations in Table 2 show empirical evidence of investigation of the relationship between leadership styles and organizational performance of staff preference, which is based on the opinions sampled through the administration of well-structured questionnaires. Both null and alternative hypotheses are stated below:

\[ H_0: \text{There is no significant relationship between leadership style and organizational performance.} \]

\[ H_1: \text{There is significant relationship between leadership style and organizational performance.} \]
Table 2: Computation of Chi-squared Test Statistic – Leadership Style Versus Organization Performance

<table>
<thead>
<tr>
<th>Leadership Style considered</th>
<th>Names of the selected Industry</th>
<th>Statistics</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autocratic</td>
<td>UAC 15 Flour Mill 18 Cadbury 20 Seven-Up 14 Unilever 19</td>
<td>$\chi^2_{cal}= 8.5801$ df 12 $P_{value}= .7383$</td>
<td>We do not reject $H_0$</td>
</tr>
<tr>
<td>Democratic</td>
<td>12 10 11 12 14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformational</td>
<td>11 16 12 10 17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laissez-faire</td>
<td>02 01 02 04 0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Field Survey (2016) and Author's Computation (2017)

Interpretation of Result: The result obtained shows that no significant relationship between leadership styles and organizational performance exists. That is, leadership styles do not depend on organizational performance.

Determination of the Degree of Relationship

Using the mathematical formula given in section 3.2.2, we compute the degree of relationship as follows:

$$C = \sqrt{\frac{\chi^2_{cal}}{\chi^2_{cal} + df}} = 0.1937 \approx 19\%$$

Interpretation of Result: The result shows that the degree of relationship is just 19%, indicating that the relationship is not significant since it is less than 50%. This result buttresses the conclusion reached in 4.2.1 as empirically evidenced.

DISCUSSION OF FINDINGS AND CONCLUDING REMARKS

Discussion of Findings

The study, which has been scoped to cover staff preference in respect of some widely used leadership styles in some selected food and beverage firms in Nigeria revealed that 39% of the respondents preferred autocratic leadership style, 30% preferred transformational, 27% preferred democratic while only 4% preferred laissez-faire. With these simple analyses, the study was able to capture percentage preference of each of these styles of leadership in connection with organizational performance. These can be confirmed from Table I.

From Figures I and II, it is obvious that the highest respondents who prefer Autocratic Leadership Style were from Cadbury Plc. whereas the least from the same industry preferred Laissez-faire. Though, in Unilever Plc., no one chose to prefer Laissez-faire while the highest respondents in the same organization still preferred Autocratic Leadership Style. All these were shown in the Multiple Bar Charts as figured I and II respectively.

In reference to Table II, it has been established that respondents' leadership style preference does not have any significant relationship with organizational performance. This is evidenced from the computation of Chi-square test and the corresponding interpretation of the results obtained. Thus, the results show that there is no influence of leadership styles on organizational performance.

Concluding Remarks

Each of the sections of ‘Data Presentation, Analysis and Interpretation’ has been briefly discussed accordingly. Having empirically established that leadership styles do not depend on organizational performance, the author was able to conclude that approximately 19% degree of association exists between leadership styles and organizational performance. Therefore, irrespective of the style of leadership in an organizational setting, the study revealed that leadership styles do not have anything to do with workers' performance.

REFERENCES


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