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Full Length Research Paper

Leadership Styles As Determinants of Small and Medium Scale Enterprises in Ogun State, Nigeria. Implication to Counselling and Management

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The study investigated the some leadership styles as determinants of small and medium scale industries and implication to counselling and management in Ogun state, Nigeria Three research hypotheses were formulated and tested in the study. The study adopted ex-post factor research design and 300 staff were randomly selected from the groups after the four companies had been stratified from the pool of registered companies in the states. Data were collected using a self-developed questioner by the Researchers. Firstly, the type of leadership styles adopted by the company and the second to get the view of the company workers. Data were analyzed using Analysis of Variance and Pearson Product moment correlation while results were tested at the level of 0.05 levels of significance. The result above indicate the autocratic leadership styles view is not significant with the organization performance ,while the democratic shows a significant relationship with yhe organization performance, Lastly, there is a perfect positive relationship with autocratic ,democratic leadership styles and organization performance. . On the basis of this finding, it was suggested that: Industries should adopt a democratic leadership in other to have maximum profit.

Keywords: Autocratic, Democratic leadership, small and medium scale industries

INTRODUCTION

The definition of small and medium enterprises (SMEs) varies from country to country, region to and from agency to agency in today's world. MacKenzie, Podssakoff & Rich, (2001) recounted that, "Small enterprises" or "small

and medium enterprises" are elusive concepts. They do in fact hide a large heterogeneity in the types of the firms. The Nigerian concepts of SMEs are somewhat divergent but the Central Bank of Nigeria agrees with the

Small and Medium Scale Industries and Equity Investment Scheme (SMIEIS) in their definition of a SME as any enterprise with a maximum asset base less than N200 million (equivalent of about \$1.43 million) excluding land and working capital, and with the number of staff employed not less than 10 and not more than 300 (Udechukwu 2003; Akabueze 2002; SMIEIS 2002). Moreover, this definition for SMEs was based on the revised definition by the National Council on Industry in 2001. A major gap in Nigeria's industrial development process in the past years has been the absence of a strong and virile SME sub-sector presumably occasioned by lack of effective leadership. The little progress recorded from the courageous efforts of the first generation of indigenous industrialists was almost completely wiped out by the massive dislocations and traumatic devaluation which took place under the Structural Adjustment Programme (SAP) (Udechukwu 2003).

One of the major concerns of manufacturing, marketing and sales companies is on how to improve the worker's productivity (Borman, 2004). Greguras (1996) described job performance as the extent to which an organizational member contributes to the achievement of the objectives of the organization. Central to organizational performance is style of leadership. This is an essential part of management activities of people directing their efforts towards the goals and objectives of the organization. Leadership can be viewed in terms of the role of the leaders and their ability to achieve effective performance from others (Shadare & Hammed 2009).

Akinboye (2005) defines leadership as the extent to which followers are induced to act for the achievement of certain goals that represent the values and motivations, the wants and needs, the aspirations and expectations of both leaders and followers in an organization. Leadership could also be seen as the ability to persuade others to seek defined objectives enthusiastically. Robbins (2000) in his perception considers leadership as the ability of superiors to direct, guide and motivate people towards the attainment of given set of goals in an organization. To attain these goals could, to a large extent, depend on the source of influence on the part of the leader which may be formal, such as that provided by the possession of managing rank in an organization or informally outside the organizational structure. Most organizational theorists concede that effective leadership is one of the most important contributors to overall organizational success.

Leadership is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to attain the organization's goals (Omolayo, 2000). It is a process whereby one person exerts social influence over other members of the group (Bamigboye, 2000), a process of influencing the activities of an individual or a group of individuals in an effort towards goal achievement in given situations (Akanwa, 1997).

and a relational concept involving both the influencing agent and the person being influenced (Eze, 1995).

Leadership is vitally important at all levels within the company. Leadership could be said to be the moral and intellectual ability to visualize and work for what is best for the company and its employees. Good management and effective leadership help to develop team work and the integration of individual and group goals. Leaders have to sustain current performance and growing for the future with the workers in the organization. For employees to perform better there is the need for understanding the prevailing style of leadership.

Five other styles of leadership have also been identified by researchers (Lieberman et al., 1994). These include the autocratic, democratic, benevolent, participative and Laissez-faire leadership styles. The autocratic leadership style is also known as the authoritarian style of leadership, power and decision-making reside in the autocratic leader.

The autocratic leader directs group members on the way things should be done. The leader does not maintain clear channel of communication between him/her and the subordinates. He or she does not delegate authority nor permit subordinates to participate in policy-making (Hoy & Miskel, 1992).

The democratic style of leadership emphasizes group and leader participation in the making of policies. Decisions about organizational matters are arrived at after consultation and communication with various people in the organization. The leader attempts as much as possible to make each individual feel that he is an important member of the organization. Communication is multidirectional while ideas are exchanged between employees and the leader (Heenan & Bennis, 1999). In this style of leadership, a high degree of staff morale is always enhanced (Mba, 2004).

Laissez-faire leadership style allows complete freedom to group decision without the leader's participation. Thus, subordinates are free to do what they like. Maxwell (1998) describe the laissez-faire leadership style as ineffective in promoting purposeful employee communication and said it contributes to an organization's demise. Under this leadership style, no one takes responsibility for achieving the organization's goals and objectives. Eagly et al. (2003) indicate laissez-faire leadership style is marked by failure in taking responsibility to lead an organization towards its goals, objectives, and vision. Lack of responsible leadership leads to employees' self-teaching, employees' freedom to act accordingly, and leaders who do not care about the organization's results (Bass, 1990).

High-quality leader-follower relationships have been found to have impact on employee performance, organizational commitment, delegation, empowerment, and job satisfaction. Shadare and Hammed (2009), observes that leadership is vitally important at all levels within the company. Leadership is the moral and

Table 1. One Way Analysis of Variance of Auto cractic Leadership Styles view and Organization Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	75.418	7	10.774	2.225	.081
Within Groups	632.253	141	4.4841		
Total	707.671	148			

Table 2. Mean, Standard Deviation and Correlation of Leadership styles and organization performance.

		Leadership Style	Organization Performance
Leadership Style	Pearson Correlation	1	.509**
	Sig. (2-tailed)		
	N	298	298
Organization Profitability	Pearson Correlation	.509**	1
	Sig. (2-tailed)		
	N	298	298

TABLE 3. One Way Analysis Of Variance Of Democractic Leadership Styles And Organization Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	89.336	7	12.762	12.330	.000
Within Groups	146.035	141	1.035		
Total	235.371	148			

intellectual ability to visualize and work for what is best for the company and its employees. Good management and effective leadership help to develop team work and the integration of individual and group goals. Leaders have to sustain performance because sustaining current performance leads to the growth of the organization. While keeping eyes on performance indicators, leaders encourage creativity and innovation, risk taking and skills for future development. It is on the bases of the above background that this study evaluated the effects of leadership styles on the performance of employees in SMES operating in Ogun state, Nigeria. In view of this, three hypotheses are stated

Ho1: Inconsistent autocratic leadership style does not have any significant impact on the performance of the employees towards the organisational growth in the industry.

Ho2: There is no significant relationship between the democratic leadership style on an organization's profitability in the selected SMEs.

Ho3: Participative leadership style has no significant impact on improving organizational performance

METHODOLOGY

Research Design

The research design adopted for this study is the descriptive survey design. Thus, the methodology used for the collection of data was mainly survey method based on secondary and primary sources of data collection.

Population of the Study

The population of the study consists of selected SMEs operating in Sagamu and Ikenne Local Government areas of Ogun State, Nigeria. There are four hundred and nine registered SMEs in Ogun State (Ministry of Commerce and industry 2009) and eighteen registered SMEs in Sagamu and Ikenne Local Government Area. SMEs in Sagamu and Ikenne Local Government were chosen because it has the oldest SMEs that were still functioning, Sagamu and Ikenne therefore had enough

representatives of SMEs, which needed to be recognized.

Sample frame

This is the representation of the population of the study. The sample frame was limited to Sagamu and Ikenne Local Government areas respectively with 16 registered SMEs.

Four firms were chosen out of the 16 firms.

Sampling Technique

Stratified sampling method was employed in selecting respondents for this study. This was used because it is closer and nearer to the researcher since the researcher did an on –the- spot visit quite often. In addition the following procedures were used.

Stage 1=purposive selection of four SMEs

Stage 2=Stratification of the respondents into Manager, Supervisors, Factory workers

Stage 3=Random selection of respondents from each stratum

Research Instrument

Two instruments were used for collecting data. Firstly questioner was used on the selected company so as to get the types of leadership styles which was adopted namely Leadership style inventory .The second one consists of questionnaires containing 31 questions covering the research questions, leadership style and the various performance variables. The questionnaire enabled the respondents to understand what the research study was all about. Section A consist of the demographic variable i.e personal information of respondents The rating from section B was on the 5 point Likert scaling method ranging from strongly agree, agree, undecided, disagree and strongly disagree for questions 1-3, while questions 4-5 were on the agree or disagree response. Section C- was more of descriptive rating using 5 point Likert scaling method, ranging from excellent, very good, good, fair, poor, for questions 1-3 while question 4-5 were on the agree or disagree bases. Section D- also was on the 5 point Likert scaling method for questions 1-6 while questions 7-10 were on the agree/disagree bases. Similarly, Section E- was on the 5 point Likert scaling method for questions 1-3 and questions 4-5 were on the agree/disagree bases. Section E-I essentially involved the assessment of leadership style influence on employees' performance. Validity test was carried out so as to ensure that the research instrument measured what it was supposed to measure. The content validity approaches were used for this

purpose. A test and re-test form was used to carry out the reliability of the research instrument. In this circumstance, the researchers took some copies to a company outside the scope of study and the questionnaire was administered twice to the same respondents. The two responses were tested using Pearson Product Moment Correlation Coefficient with the aid of the Statistical Package for the Social Sciences and the result was 0.674, which indicated that the instrument was reliable.

METHOD OF DATA ANALYSIS

Hypotheses 1 and 3 were analyzed by one way ANOVA. Hypothesis 2 was analyzed by Pearson Product Moment Correlation, which was used to determine the leadership style relationship and employees' performance and the profitability of the organization.

RESULTS

Ho₁: Inconsistent autocratic leadership style does not have any significant impact on the performance of the employees towards the organisational growth in the industry.

The result above indicate the one way analysis of variance of auto cratic leadership styles view and organization performance. It shows a calculated f – ratio of 2.225 which is lower than the table value at a significant value of .05. Hence, the hypothesis of inconsistent autocratic leadership style does not have any significant impact on the performance of the employees towards the organisational growth in the industry is hereby accepted by the finding.

Hypothesis 2:

Ho₂ : There is no significant relationship between the leadership styles on an organization's profitability in the selected SMEs.

Ho₃ : There is no significant relationship between the democratic leadership style on an organization's profitability in the selected SMEs.

The result above indicate, mean, standard Deviation and Pearson product moment correlation of Leadership styles and organization profitability. It is seen that the leadership styles correlated has a positive relationship with the organisation performance as r is .509, which is significant at a 0.01 level of alpha. Hence, the hypothesis of no significant relationship is rejected. The leadership styles affect organization performance.

The result above indicate the one way analysis of variance of democratic leadership styles view and organization performance. It shows a calculated f – ratio of 12.330 which is higher than the table value at a significant value of .05. Hence, the hypothesis of democratic leadership styles view and organization performance does not have any significant impact on the

performance of the employees towards the organisational growth in the industry is hereby rejected by the finding.

DISCUSSION

The style of leadership that sets clear goals for workers and provides the necessary tools and encouragement would motivate workers to give off their best. Leadership is the backbone of the success of every organization and different leaders have used and applied different leadership styles. Similarly, Grossman & Parkinson (2000) pointed out that the leadership style used results in a corresponding response from workers. Autocratic leadership style does not maintain clear channel of communication between him/her and the subordinates, their leaders do not delegate authority nor permit subordinates to participate in policy-making (Hoy & Miskel, 1992; Olaniyan, 1997). A style of leadership which values workers, encourages and seeks their welfare, involves and guides them to get the work done, will produce a committed workforce. It will benefit the organization, but autocratic leadership does not give the employees confidence, and does not allow the employees to use their initiative on their job. Because of this, employees make a lot of mistakes which result in wastage of materials on the employees part.

Findings from the research objective, research question and hypothesis above revealed that, most of the respondents were of the opinion that their leaders are excellent in directing the affairs of the organisation, their communication with their employees is excellent which means that their leaders communicate with them whenever decision are to be taken, their in-service training is excellent, job motivation is excellent and these lead to the excellent overall performance of the organisation. This is asserted to by Noormalaet, al (2009), who states that an important factor in the leadership process is the relationship that a leader has with individual employees in form of communication and is central to the overall functioning of a company. Furthermore, employees are motivated in their job performance because their leaders always show appreciation whenever the employees perform on the jobs. Johnson et, al. (2010), is in agreement with this when they state that an employee would be more motivated if the manager or the leader can actually create an environment to encourage self-motivation within the individual. Although the significant drawbacks to democratic leadership are time consuming activities and lengthy debate over policy, participation plays a key role for increasing the productivity of leadership (Denhardt & Denhardt, 2003; Hackman & Johnson, 1996). Furthermore, Kuczmarski & Kuczmarski (1995) cited the characteristics of a democratic leader as knowledgeable, influential, stimulating, a winner of cooperation, a provider of logical consequences, encouraging, permitting of self-

determination, guiding, a good listener, a respectful and situation-centered leader. Gastil (1994) sees democratic leadership as distributing responsibility among the membership, empowering group members, and aiding the group's decision-making process.

Findings from the research hypothesis above revealed that, majority of the respondents are of the opinion that participative leadership style in operation affect employees' performance in the organisation positively. Also most of the respondents would need a leader who makes the environment conducive and at the same time relate closely with their employees. This indicates that the leadership style being practised in the various organisations are participatory based on their responses. This is in line with previous research work on leadership style and employee performance in widely used employee engagement survey (Hartar, Schmidt & Hayes, 2002), there was indication that immediate supervisor and leaders have a significant influence over employees' level of commitment to an organization. Furthermore, Levering (2000) point out that organizations that are recognized as great places to work for are those that put great emphasis on quality of relationship between employees and their leaders. The finding also reveals that these leadership styles leads to an enhancement of a high degree of staff morale; a view supported by Mba (2004). Yousef (2000) asserts that those employees who perceive their leaders as adopting consultative or participatory leadership style are more committed to their organizations, more satisfied with their jobs and higher in their performance. Thus, due to the consultative nature of participative leadership style, it has the potential to enhance the dissemination of organizational and managerial values to employees.

CONCLUSION AND RECOMMENDATIONS

In view of the above research, it can be seen from the hypothesis are resort that the leadership style determines the trend of productivity. It is however noted that democratic leadership style seems to promote high productivity, good communication and mutual friendliness among workers. Hence, the profit can be maximised using the democratic style. On the other hand, the autocratic brings about conflicts within the organisation. Hence, the productivity is reduced as the organisation use time to sort out issues other than facing their work. Thereby, reducing the profit by the organisation. It is therefore recommended that the leaders should be conscious of the style adopted. Also, the counsellors and other stake holders should promote democratic leadership style within the system.

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