

# Enhancing Organizational Performance Through Effective Leadership in Public Enterprises: A Study of the Adamawa Investment and Property Development Company Ltd

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## Abstract

The study examined the impact of effective leadership on the performance of public enterprises with a particular reference to the Adamawa Investment and Property Development Company Ltd. The study made use of content analysis and observation method. The study revealed that the performance of organization depends to a large extent on the efficiency or effectiveness of the leadership. It was also revealed that the Adamawa State Investment and Property Development Company Limited has not lived up to expectation due to leadership failure. The study made use of the transformational leadership theory. The theory believed in the leader's ability to motivate the follower to accomplish more than what the followers planned to do by concentrating on the followers values and helping the followers align these values with the values of the organization. Based on the above, recommendations were given on the need for effective leadership if results must be achieved in an organization.

**Keywords:** Leadership, organization, performance.

## Background of the study

The achievement of organizational objectives largely depends on effective leadership. Leadership is an important function that has to do with influencing the behaviors of employees towards the achievement of organizational goals P.F. Drucker in (Sharma 2012) states that:

Leadership is the ability of individual to influence, motivates and enable others to contribute towards the effectiveness and success of the organization.

The nature of leadership is a critical element in the attainment of organizational objectives and this explains why leadership issues globally are given prime attention in the discussion of modern organization be it private or public (Njoku and Adindu 2013).

Leadership is a critical component of every public organization. Leadership is an important and crucial variable that leads to enhanced management capacity, as well as organizational performance (OECD 2001).

Leadership is of paramount importance in the achievement of organizational goals. The fact that a leader can have an immense effect on the performance of those under him has been noted for centuries. While some leaders receive only grudgingly obedience, others are able to inspire their men and women to do the seemingly impossible and do it willingly. (Sharma 2012:723). He argued that leaders perform some key functions which include the following among others. Division of organizational activities among employees; giving psychological satisfaction to workers by his exemplary leadership, coordinating organizational activities of groups and subgroups and reconciling the interests of individual with those of the organization, inspiring and motivating employee for giving their best to the organization, building up the morale of the employees and facilitating adjustment of organization to its changing environment. Therefore, the importance of leadership in an organization cannot be over-emphasised, every organization works in a changing environment, when these changes occur such as technology, culture, politics, economy or legal system and others, it is the organization that has to adjust to these changes. Therefore the need for effective leadership to align with such changes if

these organizations. The persistent management problem in these organizations has made it difficult for such organizations to achieve results. Adamawa Investment and Property Development Company Limited is a member of the Nigerian stock exchange. It has portfolio of over 30 quoted and unquoted stocks in various sectors of the Nigerian economy.

Among the laudable objectives of (AIPDCLtd) are the following:-

- i. Promotion of general and specific investment with a view to accelerating industrial and economic development of Adamawa state.
- ii. Create and encourage investment awareness habit in the generality of the state indigenous by the formulation of investment policies and strategies in addition to providing information and investment opportunities in the capital market
- iii. To conduct researches and surveys that is relevant to industrial promotion in the state with emphasis on new areas of investment.

iv. To offer business advice and undertake consultancy services to the members of the business communities as while as the state government and its agencies on modern approach to management particularly in the establishment of industries.

v. Training of sufficient skilled managers for the state untapped resources.

As laudable as the above objectives are, they can only be achieved or realized through effective leadership.

### **Statement of the problem**

Organizational failures in most Nigerian public enterprises and the Adamawa State Investment and Property Development Company Limited (AIDPCC) have triggered series of arguments among scholars. Lord Sieff cited in (Sharma 2012) states that “Leadership is virtually important at all levels within the company from main board to the shop floor. Leadership is the moral and intellectual ability to visualize and work for what is best for the company and its employees” (Ewurum 2007), also posits that leadership entails having the mental ability to tackle problems as well as providing the needed direction towards achieving individual and groups goal. Despite this, most public organizations are managed by ineffective people. The appointments of board members to these organizations are mostly based on political basis instead of merit. When people who do not have the know-how are appointed to lead organizations, how can such organizations achieve results? One can only give what he or she has. Chinua Achebe in his small and very popular book “The Trouble with Nigeria” (Achebe 1983:1) observed that:

The trouble with Nigeria is simply and squarely a failure of leadership. There is nothing basically wrong with the Nigerian land or climate or water or air or anything else. The Nigerian problem is the unwillingness or inability of its leaders, to rise to the responsibility, to the challenge of personal example, which is the hallmark of true leadership.

The Adamawa State Investment and Property Development Company is a development finance institution that was incorporated since 1980 and started its full operation in April 1987. The company would have been able to transform Adamawa state all these years. However, due to series of poor leadership the company has not achieve enough compared to its objectives hence, the need for this study on enhancing organizational performance through effective leadership.

### **Aims and objectives of the study:**

The main aim of the study is to assess the role of effective leadership in enhancing organizational effectiveness.

The study has the following specific objectives:-

- i. To identify leadership functions necessary for enhancing organizational performance.
- ii. To examine the qualities of effective leadership
- iii. To identify the problems of leadership in public organization
- ii. To proffer solution to the identified problems

### **Literature Review**

#### **The concept of leadership**

In his survey of leadership theories and research Stogdili cited in (Stoner et al 2000) pointed out that there are several definitions of leadership as there are scholars who have attempted to define the concept. P.F. Drucker House et al cited in Sharma defines leadership as “essentially a relationship through which one person influences the behaviors’ or actions of other people”. This definition suggests that the performance of a group cannot be separated from the actions of its leadership. Leadership is the process of influencing others to understand and agree upon what needs to be done and how it can be done effectively. Therefore the performance of any public organization depends to a large extent on the quality of the leadership. Leadership is very important for the successful achievement of organizational goals and objectives. Kootnz and O. Donnel in (Njoku 2008:193) defines leadership as “the art or process of influencing people in positive ways so that they are willing to cooperate with the leader to achieve organizational goals”. Nwachuku also cited in (Njoku 2008:193) also sees leadership as a social influencing process for the attainment of organizational goals. He maintains that a leader is the most influential person in an organization who provides direction, guides groups activities and ensures that group objectives are achieved. (Njoku 2008) (Inyang 2004) and (Jone et al 2000) all states that effective leadership involves the facilitation of achievement groups goals through willing and enthusiastic group members. They are of the view that are ineffective leaders do not contribute to and often detract from organizational goal attainment.

(Sharma 2012), (Eghe 2006) and (Bhagwan et al 2008) all agree that leadership is an important modifier of organization’s behavior. It is often said “Get the right man or woman in the leadership position and all your problems will be solved” This suggest that the leadership is responsible for setting the paste for the effectiveness of the organization. Leaders give vision, and direction to their followers. Where there is no vision, the people perish. Effective leadership is a necessary ingredient of every successful organization. Most leaders who are

successful perform tasks and set in a way that provides follower with the zeal, satisfaction and fulfillment in performing their activities or duties necessary for the achievement of organizational goals and objectives. Good leadership helps to develop team work, and the integration of individual and group goals. Effective leadership aid intrinsic motivation by emphasizing the importance of the work that people do.

Leadership is a dynamic form of behaviour. There are a number of variables which affect leadership relationship. McGregor cited in Sharma mention four out of them:-

- i. The characteristics of the leaders
- ii. The attitudes, needs and other characteristics of the followers
- iii. The nature of the organization, such as the purpose, its structure, the tasks to be perform and
- iv. The social economic and political environment. He explains further that within an organization leadership will be dependent upon the type of power that the leader can exercise over the flowers. He is of the view that the exercise of powers is a social process which helps to explain how different people can influence the behaviours of others

Millet cited in (Bhagwan 2008) states that leadership is often thought of being primarily personal in character, as being founded upon in a particular field of endeavor ,superior strength, superior cunning, superior intelligent, superior knowledge, superior determination, any or all of these may be means to the attainment of leadership effectiveness.

Therefore, leadership is of paramount importance in the achievement of organizational goals and objectives. This is because a leader can have an immense effect on the performance of the subordinate working, under him or her. This is a face that has been noted for centuries that leaders are capable of inspiring their men and women to perform excellently well (Sharma 2012).

### **Characteristics of Effective Leadership**

There are numerous characteristics or features of effective leadership which includes the following:-

- i. Leadership is a process of influence which leaders exercise on the group members. A leader is said to be influential when the group members or the subordinates are willing and ready to follow the directions, advice or orders of the leader. This suggests that successful leaders are those who are able to make things happen through their followers.
- ii. Motivation of the subordinate:- A leader should be capable of persuading his subordinates to subordinate their individual interest to the goals of the organization.
- iii. Leadership is an exercise in human relation:- A successful leader is one who gives requital to the performance of his followers or subordinate he should be capable of making the employees feel that their performance is noticed and important for the overall goals of the organization. This will inspire the employees to put in their best to the organizational objectives.
- iv. Leadership must be such that satisfy his employees if the employees have confident in their leaders, that he is competent, they will be more committed to their duties and responsible
- v. Leadership is situational:- A Leader may be successful in a particular situation at a particular time, but may not be successful in a different situation at a different time. Leadership must adjust according to the prevailing circumstance that he is faced with. In order words leadership involves switching from one type of leadership style to the other depending on the situation on ground.
- vi. A leader must be able to take unpleasant decisions. He often has to deal with swiftly and conflicting demands without being sure of their facts.
- vii. A leader must be ambitious:- The most effective leaders are those who are able to build empires. They are those who wants to create something that outlasts them.
- viii. A leader must have self-confidence:- This allows leaders to admit their weaknesses and ask for help without feeling inadequate; a successful leader should not be ashamed to acknowledge his own weaknesses.

### **Qualities of Effective Leaders**

Several scholars in the field of leadership have long lists of leadership qualities. However, most of them rally around the following:- Millet, Kootnz, Bernard, Cleveland and Appleby in (Bhagwanetal 2008) list the following as the qualities required by leaders of organizations.

- i. Good health, personal energy and physical energy.
- ii. A sense of mission, a sense of commitment to the cause or purpose, enthusiasm and self confidence.
- iii. Integrity, a sense of moral duty and of fairness, willingness to share achievement, the capacity to set standards of personal official conduct which will command the respect of others.
- iv. Persuasiveness, the capacity to win other, acceptance of the point of view embodied in decisions.
- v. Judgment, the capacity to understand the strengths and weaknesses of the people and how to obtain their maximum usefulness to an organization
- vi. Loyalty, devotion to the cause and to the person with whom one works, a willingness to defend the group

against external attack.

vii. A person of public interest at heart, a leader of men, must do his own thinking and be his own public relation man a preferable an experienced person.

viii .Energetic, emotionally stable, knowledgeable in human relation, personal motivation, communicative skills, teaching ability, social skill and technically competent.

A good leader has willingness to assume responsibilities, demonstrate continuity, personal growth, disposed toward action, a good listener who asks pointed questions. In addition he works well with all sort of people, seeks ablest obtainable subordinates, uses institutional resources, does not try to do it all and know it all himself, cares for power only as it contributes to effectiveness, chiefly as a reserved assets, has self confidence and is ready to admit his limitations and errors, is hospitable to bad news as well as good news, respect subordinates as much as superiors, constantly seeks to improve institutions performance and respect political processes and responsibilities.

The above exhaustive lists indicate that leadership is a serious business. A person cannot give what he does not have. The success or otherwise of every organization depends largely on the leadership qualities. Leaders are expected to be honest, sincere, accountable and transparent enough in handling the affairs of the organization. A leader should be able to set the pace and others follow. He should have foresight and able to coordinate and carry the subordinate alone in order to achieve the goals and objectives of the organization.

### **Public Enterprise**

A public enterprise is an organization that is set up as a corporate body and as part of the government apparatus for an entrepreneurial like objective (Laleye 2002) cited in (Anthony etal) Public enterprise or public corporation has also been defined by (Dimock and Dimock 1970) cited in Egue define public enterprise as “a public owned enterprise that has been chartered under federal, state ad or local law for a particular business or financial purposes. Every public enterprise has the following specific roles to play.

- i. The desire to use the public enterprise as an instrument of effective planning implementation.
- ii. The need to become economic independent
- iii. The urgent desire to assure government control over strategic sectors of the economy.
- iv. The need to separate some functions or activities from the civil services and allows more autonomy in their running
- v. They perceived needs to provide employment for citizens.
- vi. The need to ensure state control of key profitable enterprises and so forth.

The achievement of the above laudable Objectives depends on effective leadership. Leadership is important and indispensable in an organization. Leadership is both the adhesive that binds a work groups together and the catalyst that triggers employee motivation and commitment. Hence, leadership can have a major influence on the performance of all the public enterprises.

### **Leadership Styles**

(Sharma 2012) states that “ the study of leadership as a behavioral category has drawn attention to the importance of leadership styles”. He explains that it has become increasingly clear in work situations that the managers can no longer rely only on the use of their position in the organization as a means to exercise their functions. He further states that for leaders to get the best from their subordinates, the leaders must have regard for the need to encourage high morale, spirit of involvement and cooperation, and willingness to work. This therefore has given birth to consider leadership styles. Leadership styles refers to the ways and manners in which the functions of leadership are carried out.

(Bwagwan and Bhushan 2008) basically divided leadership styles into namely: authoritarian and democratic. The authoritarian according to them is described as directive, production centred and nomothic. They described the democratic leader as participatory, employee centred and idiographic. The authoritative leadership style is the product of Taylor’s scientific management movement where as the democratic style is a reflection of the outcome of the Elton Mayo experiment at the Hawthorne and supported by IOWA and Michigan studies. The authoritative leader is after productivity to the detriment of employees welfare. The leadership structure the complete work situation for employees to follow. Workers tend to render eye services under such a leader because they are always afraid of being punished.

A democratic leader on the other hand is employee centred. He is concerned with the welfare of the employees. He encourages participation instead of taking unilateral decision. He decentralizes the decision making process.

Bwagwan and Bhushan however, argues that the two types of leadership styles are opposite to each other but neither of them can stand well on its own. They are of the view that there is a need to find a middle ground to marry the two and make use of each as occasion demand. They called the new grand as “reality orientated “Leadership. The new grand maintains that the emphasis on power is one aspect and human relations the other.

The new direction found that “if a leader abdicates his interest in a responsibility for production, it has adverse effects on both productivity and morale. “Soft Leadership” over emphasis upon consideration is not conducive to high morale. Therefore a middle point between the two should be maintained and depending on the prevailing situations.

Likert classified leadership styles into four he studied leadership styles from the perspective of employee centered and job centered leadership. He concluded that “supervisors with the best records of performance focus their primary attention on the human aspects of their subordinates problems and on endeavoring to build effective work groups with high performance goals. Likert has studied several leaders and employee relations from several organization before he could arrived at the four categories of leadership.

He classified the leadership styles as follows:-

System 1 – Exploitative authoritative

System 2 – Benevolent authoritative

System 3 – Consultative

System 4 – Participative / Democratic

### **Exploitative authoritative**

All the control process is concentrated at the top. All decisions are taken at the top and communicated downward for implementation. Threats, rewards and punishment are used to secure performance.

### **Benevolent authoritative**

The style is marked by master – servant – type of relationship. Some power of control and decision making is delegated to the middle and lower levels. The managers are autocratic but not authoritative. It gives economic rewards for good performance and threats or punishments for non performance.

### **Consultative styles**

This is a giant step forward towards the ideal leadership style as believed by Likert. The top management has substantial confidence and trust in subordinates. There is adequate delegation of control and decision making processes to lower levels. There is two way flow of communication. Rewards and occasional punishment are used for motivation. Productivity is good since goals are set together with the employees

### **Participative group style**

Likert rated this as the optimal approach, to leadership in a dynamic and educated society. He argues that the system involves complete confidence and trust in subordinates delegation of full responsibility for the control and decision making processes. It is based on a three way communication flows and application of participation and involvement of subordinates in establishing financial rewards, setting goals and evaluating progress towards attaining of these goals with a view to harness their motivation. Likert in (Sharma 2012 730-737) .

Likert argues that all leaders should strive towards the system four if they wish to maximise quality of performance of employees.

Other early researches curt, Lewin, R. Lippitt and R.K white also come up with continuum three basic styles of leadership: Autocratic, democratic and Laissez –faire. The autocratic leader is he who has little trust or confidence in group members. He believes that money is the only rewarding factor that can motivate employees. In the middle of the continuum is the democratic leader who shares decision making with the sub-ordinates. Last on the continuum is the laissez - faire who has little or no confidence in his own leadership ability. He is there as a figure head and allows the employees to take decision on their own. For them, the best leadership style is still the middle one. There is a consensus among them on the gains of democratic leadership.

### **Transformational leadership theory**

This is one of the recent and widely accepted leadership theory in the 21st century. It is defined as a leadership approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goals of developing followers and leaders. Transformational leadership enhances the motivation, morale and performance of followers through a variety of mechanism. These include connecting the followers sense of self identity and to the mission and the collective identify of the organization, being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so that the leader can align followers with tasks that optimize the performance of the followers (James, McGregor, Burns 1978) states that; transformational leadership is a process in which “leaders and followers help each other advance to a higher level of morale and motivations.

Burns established two concepts “transforming and transactional leadership. He maintained that the transforming approach create significant change in the life of the people and the organization. It redesigns



perceptions and values, and changes expectations and aspirations of employees. Unlike the transactional approach, it is not based on a “give and take” relationship, but on the leaders personality, trait and ability to make a change through example, articulation of an energizing vision and challenging goals. Transforming leaders are idealized in the sense that they are a moral example of working towards the benefit of the team, organization and community. Burns theorize that transforming and transactional leadership were mutually exclusive styles. Transactional leaders according to Burns usually do not strive for cultural change in the organization but they work in the existing culture while transformational leaders can try to change organizational culture. The study of Burns on transformational leadership theory was expanded by (Benard M. Buss 1985) he did this by explaining the psychological mechanism that underlie transforming and transactional leadership he also used the term transformational instead of transforming” Bass added to the initial concept of Burned (1978) to help explain how transformational leadership could be measured, as well as how it impact follower motivation and performance. He argued that a transformational leader is first measured in terms of his influence on the followers. Their followers usually feel trust, admiration, loyalty and respect for such a leader since he offers the followers something more than work for gain, they provide followers with an inspiring mission and vision and give them identity or self of belonging. The leader is able to transform and motivate his followers through his idealized influence or charisma, intellectual stimulation and individual consideration. He also encourages his followers to initiate and come up with new ideas or unique ways to challenge any situation on grand. Finally in contrast to Burns, Bass stipulates that leadership can display both transformation and transactional tendencies simultaneously.

(Bass and Bass 2008) listed four elements or features of transformational leadership.

- (1). **Individual consideration**:- The degree to which the leader attends to each follower’s need, acts as a mentor to the follower and listens to the followers concerns and needs. The leader gives emphatic and support, keeps communication open and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have wills and aspirations for self-development and have intrinsic motivation for their tasks.
- (2). **Intellectual stimulation**:- This is the degree to which the leader challenges situations, takes risks and solicits followers ideas. Leaders with this style stimulate and encourage creativity in their subordinates. They nurture and develop people who think independently, for such a leader, learning is a value and unexpected situations are seen as opportunity to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks.
- (3). **Inspirational motivation**:- This is the degree to which the leader articulates a vision that is appealing and inspiring to followers. Leaders with this quality challenge followers with high standards, communicate optimism about future goals, and provide meaning for the task at had. Followers need to have a strong sense of purpose if they are to be motivated to act. The visionary aspects of the leadership are supported by communication skills that make the vision understandable, precise, powerful and engaging. The followers are willing to invest more effort in their tasks, they are encouraged and optimistic about the future and believe in their own abilities.
- (4). **Idealized influence**:- This is the degree to which leaders provides models for high ethical behaviour, instills pride, gains respect and trust. As a developmental tool, the transformational leadership has spread already in all sectors of western societies, including governmental organization.

Transformational leaders therefore, initiate and sustain a process of partnership in and through which leaders and followers and the entire community experience increasingly levels of congruity between the vision and the values they exposed, and their characters, capacities and conduct. Transformational leaders are catalysts for a process fo change in which leaders, followers and the community become more and like who they aspire to be and act more and more in accordance with what they want to do.

Leaders invite followers and the entire community fully embodies their personal and collective vision and honour their shared values.

### **Findings and conclusions.**

The study has looked at the significance of effective leadership in enhancing organizational productive. It was discovered that effective leadership style is a sinequanon for organizational productivity. The style of leadership at work in an organization dictates the general performance of the organization. The Adamawa state Investment and Property Development Company has been incorporated since 1980 as development finance Institution wholly owned by the Adamawa state government to promote industrial development in the state and manage the investment of the state government. This organization officially commenced work in April 1987 and to date. The mission is the promotion of both private and public investment in a bid to hasten the industrial development of the state and the pursuit of polices that will encourage the influx of financial resources to the state. It also have volume quoted and unquoted stocks in various sectors of the Nigeria economy.

Despite the above stands of the company researches have revealed that the company has not lived up to expectation. The current manager on assumption to office lamented that the company was so much bastardized

that it could not even pay staff salary on its own without recourse for help from the state government. He noted that due to lack of serious leadership, the company has lost its corporate mission. He stated further that the office complex do not even have certificate of occupancy and other relevant documents as an organization. The new manager Alhaji Ibrahim Shehu added that through ineffective leadership of the past, the company has lost most of its plots, and noting that even the few existing ones has been encroached upon.

If the Adamawa State Investment Company had effective leaders in the past, the company would have industrialised the state.

Everything has been embezzled by the various leaders that have managed the company from its initial operations to date. The new manager has further buttressed what researchers have said about the leadership and the performance of the organization.

### Recommendations

Based on the findings of this study, the following recommendations were given:

- i. The new leadership who took the oath of office since April last year should keep to his promise of revitalizing the company.
- ii. The leadership must also carry the subordinates along as he cannot achieve the objectives of the organization isolation. It is the human resource that have the capacity to coordinate every aspect of the company.
- iii. The Adamawa state wealthy individuals should be called upon to invest in the company.
- iv. People of high integrity in leadership, educated and experienced should be appointed to manage the company.
- v. There should be room for leadership training in order to update the skills of the leader.

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