

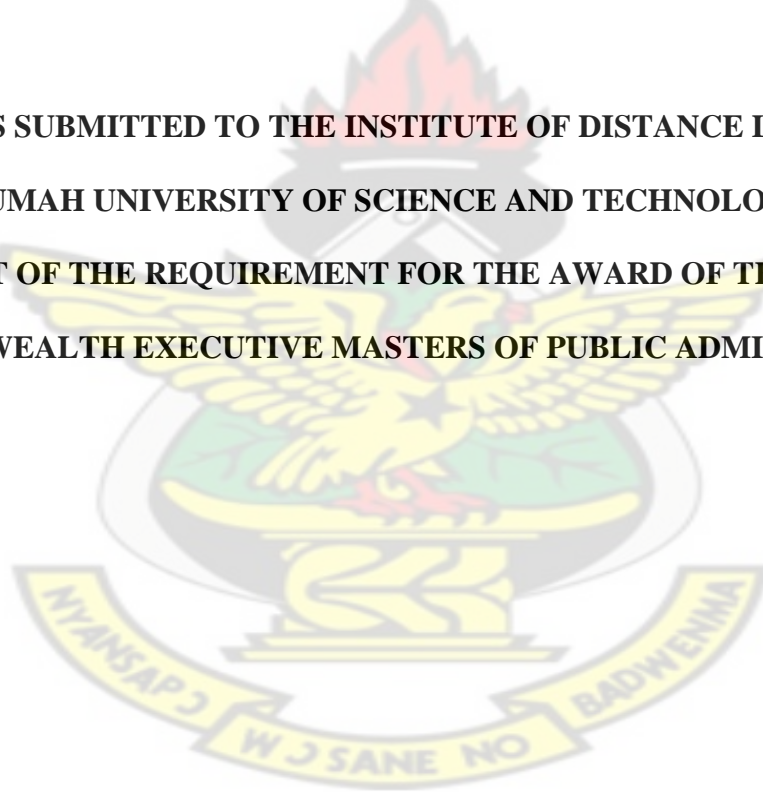
**EFFECT OF LEADERSHIP BEHAVIOURS ON EMPLOYEE PERFORMANCE IN  
GUINNESS GHANA BREWERIES LIMITED**

**By**

**KNUST**

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**A THESIS SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING,  
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COMMONWEALTH EXECUTIVE MASTERS OF PUBLIC ADMINISTRATION**



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**DECLARATION**

I hereby declare that the submission is my own work towards the Commonwealth Executive Masters of Public Administration (CEMPA) and that, to the best of my knowledge; it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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## **DEDICATION**

I DEDICATE THIS WORK TO ALMIGHTY GOD, TO MR. JOHN KOFI TANDOH, MY LOVELY AND DEDICATED HUSBAND, JOANA, BENEDICTA, ELIZABETH, MARIAN AND CHRISTABEL, MY SWEET LOVELY DAUGHTERS, I LOVE YOU ALL.

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## ABSTRACT

The study was aimed to investigate the effect of leadership behaviours on employee performance. Specifically, the study identified the leadership behaviours exhibited by managers in Guinness Ghana Breweries Limited (GGBL) in enhancing employee performance and specific behaviours that affected the performance of the employees. The study was conducted considering the effect of three major leadership behaviours, namely, job-centred style, people-centred style and democratic style on the performance of employees. The data for this study was obtained by administering questionnaire to personnel in GGBL. The data received from the respondents was analyzed with the help of statistical software program SPSS\_17. To test for the hypothesis, Pearson Coefficient correlation analysis was conducted to examine whether the hypothesis was accepted or rejected. It was observed that strong correlation existed between a job-centred leadership behaviour exhibited by leaders in Guinness Ghana Breweries Limited and employee performance. The job-centred leadership behaviour had significant positive effective on performance and hence productivity. It meant that the managers were very particular about getting results and only motivated employees to give their best in order to increase productivity. People-centred and democratic behaviours were very insignificant and a few negative correlations suggested a decrease in performance by employees, probably due to management acting with strict internal rules to achieve results. It was recommended to have a balanced leadership style to equally reflect much interest in people to enhance employee performance for a competitive advantage.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

The business environment is changing radically as a result of major societal forces. Technological advances, globalization, deregulation, consumer awareness and the competition are leaching their toll on organisational performances and creating new behaviours and challenges. Although many factors may influence the performance of an organisation, there can be little doubt that the quality of leadership available to it will be one of the most critical determinants of ultimate success. Leadership behaviour plays a very important role in enhancing employee job satisfaction, work motivation and work performance. In recognition of this fact, tremendous effort and resources have been expended, with varying degrees of success, to identify and develop personnel who will occupy the positions of leadership needed to meet present and future organisational requirements. Good leadership behaviour accelerates the development of most organisations. It therefore plays a critical role in the performance of organisations.

On the other hand, employee performance is an important building block of an organization and factors which lay the foundation for high performance must be analyzed by the organizations. Since every organization cannot progress by depending on one or two individuals' effort, it is collective effort of all the members of the organization. Performance is a major multidimensional construct aimed to achieve results and has a strong link to strategic goals of an organization (Mwita, 2000).

Now, with this understanding, the question is, how can an employee work more efficiently and effectively to increase the productivity and growth of an organization. Many employees in the workplace today seek a better understanding of the mind of a leader in an organization. However, employees are curious about the special traits, behaviours and styles that the leader exhibits at the workplace. Is there any correlation then between the ways leaders in an organisation lead and manage employees and the performance of employees? If so, in what ways does leadership behaviour influence employee performance?

Based on extensive interviews with both leaders (managers) and followers (subordinates), researchers at the University of Michigan, led by Rensis Likert, identified two basic forms of leader behaviour: job-centred and employee-centred behaviours. Managers using job-centred leader behaviour pay close attention to subordinates' work, explain work procedures, and are keenly interested in performance. Managers using employee-centred leader behaviour are interested in developing a cohesive work group and ensuring that employees are satisfied with their jobs. Their primary concern is the welfare of their subordinates. The two styles of leader behaviour were presumed to be at the ends of a single continuum. Although this view suggests that leaders may be extremely job-centred, extremely employee-centred, or somewhere in between, Likert argued that employee-centred leader behaviour generally tended to be more effective.

Tasks are important for the day-to-day survival of the organisation, while developing people and teams are important for the long-range performance of the organisation. Great leaders are both task and people orientated, while poor leaders become fixated on one or the other. It is extremely

important to balance the ability to get things done (tasks) with keeping the team together (people).

Many leadership theories have been proposed in the last fifty years, which are claimed to have influenced the overall effectiveness of the organisations where they have been employed. In the competitive world with technological changes within the business environment, it is vital that organisations employ leadership styles that enable organisations to survive in a dynamic environment (Maritz, 1995; Bass, 1997).

There is variety of hybrid management systems operating in Africa, some highly adaptive to the operating environment and successful, some maladaptive. These can be described by reference to three 'ideal type' management systems: post-colonial (based on coercive leadership and alienative involvement); post-instrumental (based on remunerative reward and contractual involvement); a renaissance (based on normative leadership and moral involvement). African management systems appear currently to be predominantly results and control oriented (post-instrumental and post-colonial), with some country differences. Democratic Republic of Congo is more control oriented. Mozambique, Rwanda, Burkina Faso and Botswana are more people (normative) oriented. According to Mazrui (2007), Africa for the new millennium demands exceptional leadership. The emergence of a new style of leadership is critical not only for global Africans, but also for a world confronting globalisation. It is recognised that leadership, especially in Africa, is difficult. There are many challenges, particularly of political, culture, poverty, illiteracy and disunity, yet Africans have come together in Mombasa (and earlier in Gaborone) to maximise and affirm the potential for positive leadership on our continent (Rotberg, 2004).

In Ghana, no empirical research has been carried out about the dominant leadership style. However, studies carried out in other African countries seem to have some relevance to Ghanaians because of common environment. Some authors, notably Kiggundu (1988) and Chondry (1986), who have done some empirical study on leadership styles in Southern Africa, have concluded that the dominant style of leadership is authoritarian, personalised, inflexible, insensitive and conservative. There is some evidence in Ghana to prove that Ghanaian managers exhibit similar traits. They seem to lean towards the authoritarian style because of our colonial experience and socio-cultural structure. The private organisations in Ghana play important role in the country's development, such as providing employment. They are performing very well, but surprisingly, little effort has been devoted to exploring these private organisations. According to Adei (2003), for Ghana to move forward, there should be in place effective leadership styles that are critical for improving performance and productivity in the private organisations.

Performance is an increasingly important concern for Guinness Ghana Breweries Limited (GGBL). GGBL is a beverage production company within the fast moving consumer goods (FMCG) industry. As a multinational business and a subsidiary of Diageo Plc, GGBL believes that leadership behaviour is also a major consideration and challenge across the globe and has a major influence on employees' performance.

In view of this, the study would establish the leadership styles that are exhibited at GGBL and find out how these leadership styles are linked to performance of its employees.

## **1.2 Statement of the problem**

The central theme and problem of this study is that, we often think of a manager or leader is expected to exhibit a right behaviour towards employees or subordinates. Yet it is realised that in most organisations in Ghana, work schedule are task-focused and routine, with no flexibility, and yet decisions and policies are imposed on subordinates. In such organisations where the leadership perceives employees as mere hands to get job done, employees would pretend to do well due to the standards and measure being assigned to them.

For employees to accomplish their work, managers must encourage individuals who reports to them, co-workers, and supervisors or customers. Because of this for effective and efficient organisations leadership, the human factor must be critically looked out from the employee performance. Guinness Ghana Breweries Limited has a set of leadership standards expected to be lived by its managers or leaders with the view to improving performance. The problem for this study was to establish the leadership behaviours that are exhibited at GGBL, and to know how it was affecting the performance of employees.

## **1.3 Objectives of the Study**

The main objective of this study was to investigate the effect of leadership behaviours on employee performance.

Specifically, the study sought:

1. To identify the specific leadership behaviours exhibited by managers in enhancing employee performance.
2. To examine how these specific behaviours affect the performance of the employees.



3. To make recommendations that might lead to improvement of employee work performance.

#### **1.4 Research Questions**

- (i) What are the specific leadership behaviours exhibited by the managers of GGBL in enhancing the performance of employees?
- (ii) Do these specific behaviours affect the performance of the employees in GGBL?
- (iii) To what extent do these leadership behaviours affect employee performance in GGBL?

#### **1.5 Hypothesis**

H<sub>1</sub>: There is a relationship between leadership behaviour and employee performance in Guinness Ghana Breweries Limited.

H<sub>0</sub>: There is no relationship between leadership behaviour and employee performance in Guinness Ghana Breweries Limited.

#### **1.6 Significance of the Study**

This study is important because according to some researchers, it is believed that organisations that are over managed and under-led inhibit organisation from growth and change (Darling and Capowski 1994). It is also important that behaviours of leaders in an organisation always have a stronger impact on the employee in several ways. However, employees values, attitudes, and leadership styles play a very important role in enhancing employee performance, and these can be carefully be adjusted to produce a strong impact on employee performance.

This study is to examine the traits of leadership style in relationship to employee performance so as to give an overview on the general performances of individuals in a firm. Due to the basic objectives of research as is focused on the existing situation of leadership styles and employees

performance, the outcome is expected to *demonstrate and identify the problems* that are made wrong on manager responsible overall, as opposed to managerial, interpersonal (as information direction manager and methods manager) or what is referred to as interactive knowledge for arrangement on management Guinness Ghana Breweries Limited as well as to find out the ways on how to improved organizational productivity.

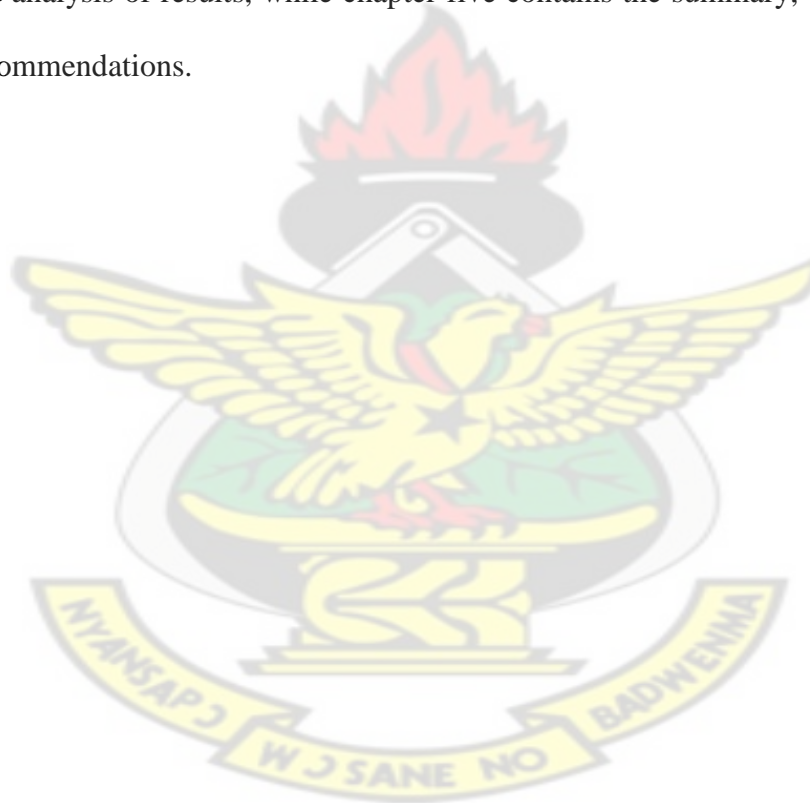
On the basis of the study and research concerning leadership style behaviours, it is essential to access all the various types of leadership styles in order to choose the one that will support the main objectives of the study. It is hoped that, the research will be beneficial for the Breweries Industry and other agencies which are related to the management of breweries in Ghana.

Again leadership style, such as encouraging other employees to work on difficult tasks would motivate the staff to come out with his best, because the employee would feel that the leader is helping in his or her career development.

On the other hand, a leader may adopt a democratic style when interacting with employees and this may affect the productivity of the organisation and this will not help the employee to perform effectively.

## 1.7 Organisation of the Study

This study has been organised under five chapters. Chapter one covers the introduction, touching on the background of the study, the statement of the problem, research questions and hypotheses, the methodology employed, definition of terms used and the organisation of the study. Chapter two has the literature review on leadership and employee performance, monitoring and measuring performance. Chapter three touches on the profile of Guinness Ghana Breweries Limited (GGBL), and details of the research methods, Chapter four contains the data presentation and analysis of results, while chapter five contains the summary, conclusion on the findings and recommendations.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter deals with the review of studies and literature of various researches pertaining to the topic. A review of the leadership literature reveals an evolving series of 'schools of thought' from the “great man” notion of heroic leaders, through trait theories, behaviourist theories, situational leadership, and contingency theory and on to transactional and transformational leadership. Each of these offers some insights into the qualities of successful leaders, but there has been a shift in focus from the characteristics and behaviours of the individual to recognition of the importance of responding to different situations and contexts and the leaders’ role in relation to the followers. The review continues with leadership models and competency frameworks. These present a range of leadership and management frameworks currently being used in organizations. They define the qualities required of people in leadership positions and help to inform the leadership development process.

Every leader in every organization performs certain roles/tasks for the smooth running of the organization and improvement of organisational performance. The manner the leader performs these roles and directs the affairs of the organisation is referred to as his/her leadership style. Leadership style therefore is the way a leader leads. Some leaders are more interested in the work to be done than in the people they work with while others pay more attention to their relationship with subordinates than the job. Whether a leader emphasizes the task or human relations is usually considered central to leadership style. Leaders express leadership in many roles. These, among others, are formulating aims and objectives, establishing structures,

managing and motivating personnel and providing leadership (Daresh, 2002). However, Nathan (1996) asserts that providing leadership is a very essential component of a leader's role. The leadership style leaders choose to perform the above mentioned roles will determine whether they will accomplish the task at hand and long-term organisational goals or not, and whether they will be able to achieve and maintain positive relationships with staff (Mazzarella and Smith 1989).

The purpose of reviewing literature on leadership is to have a better understanding of leadership style as a concept, to examine different leadership styles to see their effectiveness and how each style affects the relationship among the employees in the organization. The interpretation of various leadership models suggests that no single leadership style is adequate to run an organization effectively. Rather, the combination of styles is effective if used appropriately as situations demand. More importantly, high performance should be the aim of any organization in any country globally. Even though there are other factors which influence leadership, the manager's behaviour is to some extent instrumental in enhancing the goal and objectives of the organization. In order to assess the effect of leadership styles and employee performance, which is the focus of this study, it is logical to examine various leadership styles.

## **2.2 What Is Leadership?**

Leadership remains one of the most relevant aspects of organizational context. For more than five decades ago, the term leadership has been a researchable topic. Mostly, the research work focuses on issues of quality of leadership, ability of a leader, or leadership effectiveness, or leadership styles. According to Adlam (2003), leadership is a complex concept. This has been proved true since several approaches have been employed to provide meaning to the term

leadership and effectiveness. Therefore, leadership has been defined from different sources and some of the definitions are discussed below.

The traditional perspectives of leadership perceive the concept of leadership as inducing compliance, respect and cooperation. In other words, the leader exercises power over the followers to obtain their cooperation (Anderson et, al., 1998). In addition to that, the old leadership perspectives are based on leader's role as formulating goals, and ensuring their efficient accomplishment. Mcswain (2010), of Lincoln University also defines leadership as a capacity, which implies that, the capacity of a leader is to listen and observe, and to use their expertise as a starting point to encourage dialogue between all levels of decision-making, to establish processes and transparency in decision making, and to articulate their own values and visions clearly but not to impose them. Furthermore, Schermerhorn, Hunt and Osborn (2000) define leadership as a case of interpersonal influence that get individuals, or groups of people to do what the leader wants to be done. This implies that the leader's focus is on what he/she wants from people. Therefore, followers' input is not encouraged with regard to what it is to be done.

However, Maxwell (1999) has a different opinion; he argues that the leader's attention is on what he/she can put into people rather than what he/she can get out of them, so as to build the kind of relationship that promotes and increase productivity in the organization. Recently, the focus of leadership has shifted from bureaucracy (in which the leader tends to directs others and make decision for others to implement) to non-bureaucracy, the perception where leadership appears to emphasise motivation, inclusion and empowerment of followers. For example, Jaques and Clement (1991) define leadership as a process in which an individual sets direction for other people and carries them along in that direction with competence and productivity. This approach

emphasis is on transformation that brings positive change in the organization, groups, interpersonal relationships and the environment.

Both the old and new concepts of leadership appear to agree on some characteristics of leadership. For example, both agree that leadership does not take place in isolation. Rather, it takes place in the process of two or more people interacting and the leader seeks to influence the behaviour of other people. However, to a large extent, the old concept of leadership is based on exercising power over followers to maintain the status quo, while the new perspective is based on continuous improvement and power sharing with the followers. The old concept of leadership is based on downward exercise of power and authority while the new seeks to develop respect and concern for the followers and see them as a powerful source of knowledge, creativity and energy for improving the organization.

The issue of change and empowerment is the main focus of the new perspective on leadership. The leader is expected to continually generate new ideas for increasing effectiveness and productivity within the organization. She is required to provide needed strategies for executing the ideas/vision and motivate the employees to accomplish the vision by using their own initiatives to improve their inter-group relations in and outside of the organization.

### **2.3 Concept of Leadership**

Leadership is a concept that originally developed in folk psychology to explain social influence on groups (Calder, 1977). Many people believe that leadership is simply being the first, biggest or most powerful. Leadership in organizations has different and more meaningful definitions. Very simply put, a leader is interpreted as someone who sets direction in an effort and influences people to follow that direction. Leadership is the process by which a person exerts influence over

people and inspires, motivates, and directs their activities to help achieve groups or organizational goals (Jones and George, 2004). Therefore leadership is the ability to influence a group towards the achievement of goals.

The source of this influence may be formal as a result of one possessing a managerial rank in an organization or informal such as non-sanctioned leadership, which is the ability to influence that arises outside the formal structure of the organization. The informal structure of leadership is as important if leadership is the result of the interaction among leaders, the followers and the leadership situation. The leadership process contains all these elements. Leadership generally is regarded as essential to group and organizational effectiveness. Thus, leadership contributes significantly in the success and failure of organization. It tends to be based on position, authority and seniority; for example, commitment is highly associated with loyalty to the top boss in China (Chen and Francesco, 2000). Effective leadership in organization, therefore, creates vision of the future that considers the legitimate long term interest of the parties involved in the organization to develop a strategy for moving forward towards that vision enlists the support of employees to produce the movement and motivates employees to implement the strategy.

Likert (1961) identified several leadership classifications systems. First, it is the exploitative approach, which manages all decisions and informs subordinates of them? Secondly, it is the benevolent autocrat who employs a paternalistic approach to leadership. Thirdly, it is the consultation style, where the manager asks subordinate for input in decision-making and typically exercises general rather than close supervision. The participative style totally integrates workers in the decision making process. Leadership and supervision by supervisors is presumed to be necessary in order to initiate structure and direct subordinates towards organizational goals.



## **2.4 Leadership theories**

Various leadership paradigms have been used to describe leadership and leadership effectiveness. Leadership paradigm has changed over the last decades; it has transited from the traditional leadership to the new perspectives. Schermerhorn et al (2000) and Hoy and Miskel (2001) categorize trait, behavioural and situational or contingency theories under traditional leadership perspectives, and charismatic and transformational leadership theories under the new leadership perspectives. The focus of all theories on leadership is to determine organizational effectiveness.

### **2.4.1 Great Man and Trait Theories**

The great man theory is based on the idea that leaders are born with innate, unexplainable leadership skills, which cause other people to see them as heroes. It is based on the opinion that leaders are right and leadership is rooted in the authority of their righteousness. Leaders are elevated by their followers on the ground of their unique qualities that others do not have. As a result, followers do not doubt their leaders' judgments.

Trait theories are based on great man theories. Trait approach to the understanding of leadership perceives leadership as the core of organization effectiveness and performance. Like the great man theories, trait perspective assumes that great leaders are born with distinguished traits/characteristics that make them different from other people. According to Sashkin and Sashkin (2003), researchers like Ralph Stogdill, in his quest for the secret of great leaders, review many research reports on leadership, based on the assumption that great leaders are born. Sashkin and Sashkin (2003) indicate that Ralph Stogdill found that leaders were a bit more intelligent, outgoing, creative, assertive, responsible, taller and heavier than average people.

However, these differences in traits could not provide a solution to the search, as the list was found to be statistically insignificant. Thus, Ralph Stogdill (in Sashkin and Sashkin 2003) concluded that a person does not become a leader because of a combination of traits since the impact of traits differs according to situation. Therefore, the characteristics of the situation should be considered before ascribing greatness to an individual as a leader. Ralph Stogdill and other researchers concluded that possession of some traits might contribute to leadership effectiveness. This is different from the original trait assumption that leaders are born and not made. Even though there is no list of traits that guarantees leadership effectiveness, a number of traits have been recently identified to contribute to leadership success as it recognizes the influence of both traits and situation. Hoy and Miskel (2001) also identify some traits that are currently associated with effective leadership as self-confidence, stress tolerance, emotional maturity and integrity’.

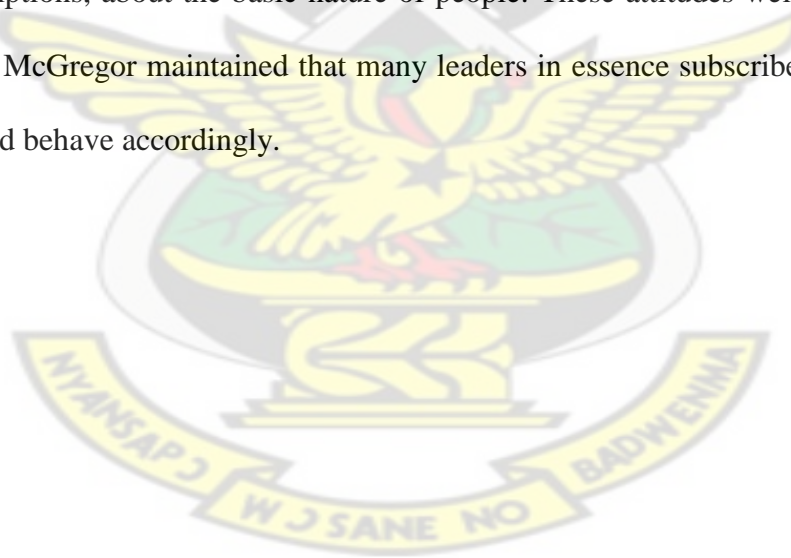
#### **2.4.2 Behavioural Theories.**

The results of the trait studies were inconclusive. Traits, amongst other things, were hard to measure. How, for example, do we measure traits such as honesty, integrity, loyalty, or diligence? Another approach in the study of leadership had to be found. After the publication of the late Douglas McGregor's classic book ‘The Human Side of Enterprise’ in 1960, attention shifted to ‘behavioural theories’. McGregor was a teacher, researcher, and consultant whose work was considered to be "on the cutting edge" of managing people. He influenced all the behavioural theories, which emphasize focusing on human relationships, along with output and performance. Behavioural leadership perspective assumes, like trait leadership perspectives, that leadership is central to organizational performance. However, the focus is on leader’s behaviour rather than leader’s personal traits/characteristics. (Hersey and Blanchard 1988) report that this

approach was initiated at the University of Michigan. Employee-centred or highly considerate leader is sensitive to subordinates' feelings and strives to make things pleasant for them. In contrast, production-centred leader or a leader high in initiating structure emphasizes completion of the task (Schermerhorn et al (2000)). The behavioural types of leadership that will be examined are McGregor's Theory X and Theory Y Managers and Blake and Mouton's leadership grid.

#### **2.4.2.1 McGregor's Theory X and Theory Y Managers**

McGregor (1960) proposed that leadership strategies are influenced by a leader's assumptions about human nature. As a result of his experience as a consultant, McGregor summarized two contrasting sets of assumptions made by managers in industry. He developed two attitude profiles, or assumptions, about the basic nature of people. These attitudes were termed 'Theory X and Theory Y. McGregor maintained that many leaders in essence subscribe to either Theory X or Theory Y and behave accordingly.



**Table 2.1: McGregor’s Theory X and Theory Y Managers**

| <b>Theory X managers believe that:</b>   | <b>Theory Y managers believe that:</b>   |
|--|--|
| <ul style="list-style-type: none"> <li>• The average human being has an inherent dislike of work and will avoid it if possible.</li> <br/> <li>• Because of this human characteristic, most people must be coerced, controlled, directed, or threatened with punishment to get them to put forth adequate effort to achieve organizational objectives.</li> <br/> <li>• The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition and wants security above all else.</li> </ul> | <ul style="list-style-type: none"> <li>• The expenditure of physical and mental effort in work is as natural as play or rest, and the average human being, under proper conditions, learns not only to accept but also to seek responsibility.</li> <br/> <li>• People will exercise self-direction and self-control to achieve objectives to which they are committed.</li> <br/> <li>• The capacity to exercise a relatively high level of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population, and the intellectual potentialities of the average human being are only partially utilized under the conditions of modern industrial life.</li> </ul> |

**Source: (McGregor, 1960)**

It can therefore be seen that a leader holding Theory X assumptions would prefer an autocratic style, whereas one holding Theory Y assumptions would prefer a more participative style. The real value of McGregor’s work was to the idea that a leader’s attitude towards human nature has a large influence on how that person behaves as leader. Thus the relationship between a leader’s expectation and the resulting performance of a subordinate has received much attention. Generally, it has been found that if a manager’s expectations are high, productivity is likely to be

poor. This theory suggests that a manager's assumptions and beliefs about nature of the individual determined his leadership behaviour.

Some elements of Ghanaian culture provide a fertile ground for the practice by a Theory X leadership behaviour. These elements include overriding respect for elders, authoritarian political culture and high predisposition towards respect for authority. Moreover, certain negative attitudes prevalent among Ghanaian workers demand Theory X behaviour if the manager expects to achieve results. Examples of such negative attitudes as identified by Wood include the abuse of office for private gain, fence sitting, laziness and lethargy; lack of commitment to work and poor time culture.

However, a Theory X leadership behaviour may not be applicable to all Ghanaian workers. Some highly skilled and well educated employees and predisposed to a theory Y leadership behaviour resist managers who adopt coercion and close supervision. Managers who subscribe to the Theory Y assumption tend to adopt a participative style of management with emphasis on consultation, worker participation in the decision making process; high consideration for employee welfare, confidence in and recognition of individual ability. In firms where Theory Y behaviour of leadership is prevalent, leadership lays emphasis on minimum direction goal oriented environment, joint setting of performance standards, subordinates, employee participation in the decision making process, recruiting employees with high achievement orientation and creativity, harmonization of individual and organizational goals, recognition of individual effort, and greater delegation of authority and decentralization.

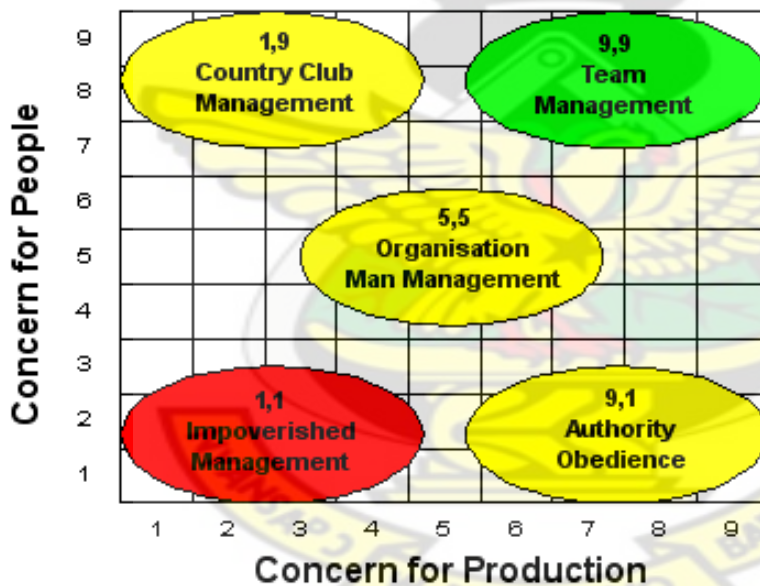
Theory Y behaviour of leadership can be used in the Ghanaian environment especially in organizations, which employ a large number of skilled and well-educated staff. Furthermore, the

existence of strong trade unions and staff association who usually demand consultation before major leadership decisions are taken oblige managers to adopt Theory Y leadership behaviour.

### 2.4.2.2 Blake and Mouton's Managerial Grid

The managerial grid developed by Robert Blake and Jane Mouton focuses on task (production) and employee (people) orientations of managers, as well as combinations of concerns between the two extremes. The grid, with concern for production on the horizontal axis and a concern for people on the vertical axis, plots five basic leadership styles. The first number refers to a leader's production or task orientation and the second, to people or employee orientation.

**Figure 2.1: The Blake Mouton Managerial Grid (Blake & Mouton, 1964)**



The Blake Mouton Managerial Grid (Blake & Mouton, 1964)

Blake and Mouton propose that “Team Management” - a high concern for both employees and production - is the most effective type of leadership behaviour.

### 2.4.3 The Contingency or Situational School

Whilst behavioural theories may help managers develop particular leadership behaviours they give little guidance as to what constitutes effective leadership in different situations. Indeed, most researchers today conclude that no one leadership style is right for every manager under all circumstances. Instead, contingency-situational theories were developed to indicate that the style to be used is contingent upon such factors as the situation, the people, the task, the organization, and other environmental variables. The major theories contributing towards this school of thought are described below.

#### 2.4.3.1 Fiedler's Contingency Theory

Fiedler was the first to develop this leadership theory, which shows that situational variable interacts with a leader's personality and behaviour. Fiedler (1967) believes that there is no single best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation. For example, in a highly routine (mechanistic) environment where repetitive tasks are the norm, a relatively directive leadership style may result in the best performance. However, in a dynamic environment a more flexible, participative style may be required.

Fiedler looked at three situations that could define the condition of a managerial task:

- (i) **Leader member relations:** How well do the manager and the employees get along?
- (ii) **Task structure:** Is the job highly structured, fairly unstructured, or somewhere in between?
- (iii) **Position power:** How much authority does the manager possess?

Managers were rated as to whether they were relationship oriented or task oriented. Task oriented managers tend to do better in situations that have good leader-member relationships,

structured tasks and either weak or strong position power. They do well when the task is unstructured but position power is strong. Also, they did well at the other end of the spectrum when the leader member relations were moderate to poor and the task was unstructured. Relationship oriented managers do better in all other situations. Thus, a given situation might call for a manager with a different style or a manager who could take on a different style for a different situation.

These environmental variables are combined in a weighted sum that is termed "favourable" at one end and "unfavourable" at the other. Task oriented style is preferable at the clearly defined extremes of "favourable" and "unfavourable" environments, but relationship orientation excels in the middle ground. Managers could attempt to reshape the environment variables to match their style.

Another aspect of the contingency model theory is that the leader-member relations, task structure, and position power dictate a leader's situational control. Leader-member relations are the amount of loyalty, dependability, and support that the leader receives from employees. It is a measure of how the manager perceives him or her and the group of employees is getting along together. In a favourable relationship the manager has a high task structure and is able to reward and or punish employees without any problems. In an unfavourable relationship the task is usually unstructured and the leader possesses limited authority. The spelling out in detail (favourable) of what is required of subordinates affects task structure.

Positioning power measures the amount of power or authority the manager perceives the organization has given him or her for the purpose of directing, rewarding, and punishing



subordinates. Positioning power of managers depends on the taking away (favourable) or increasing (unfavourable) the decision-making power of employees.

The task-motivated style leader experiences pride and satisfaction in the task accomplishment for the organization, while the relationship-motivated style seeks to build interpersonal relations and extend extra help for team development in the organization. There is no good or bad leadership style. Each person has his or her own preferences for leadership. Task-motivated leaders are at their best when the group performs successfully such as achieving a new sales record or outperforming the major competitor.

Relationship-oriented leaders are at their best when greater customer satisfaction is gained and a positive company image is established. Dubrin (1998) holds that good relationship between leader and follower is the most important factor that makes life easy for the leader in terms of influencing and exercising control over his/her situation. . It appears that Fiedler's theory suggests that there are two main leadership behaviour styles: task-oriented and relationship-oriented, otherwise, there are indications that the leader who is high on task behaviour may or may not be high or low on relationship behaviour. However, any combination of those two is possible. It has been observed that leaders who are people-oriented create positive climate in their organizations.

#### **2.4.3.2 The Hersey-Blanchard Model of Leadership**

The Hersey-Blanchard Leadership Model also takes a situational perspective of leadership. (Hersey and Blanchard 1977) work was based on Ohio studies on leadership. This model

posits that the developmental levels of a leader's subordinates play the greatest role in determining which leadership styles (leader behaviours) are most appropriate. Their theory is based on the amount of direction (task behaviour) and socio-emotional support (relationship behaviour) a leader must provide given the situation and the "level of maturity" of the followers Hersey and Blanchard's (1993).

- **Task behaviour** is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behaviour includes telling people what to do, how to do it, when to do it, where to do it, and who's to do it. In task behaviour the leader engages in one-way communication.
- **Relationship behaviour** is the extent to which the leader engages in two-way or multi-way communications. This includes listening, facilitating, and supportive behaviours. In relationship behaviour the leader engages in two-way communication by providing socio-emotional support.
- **Maturity** is the willingness and ability of a person to take responsibility for directing his or her own behaviour. People tend to have varying degrees of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

In summary therefore leader behaviours fall along two continua:

**Table 2.2: The Hersey-Blanchard Model of Leadership**

| Directive Behaviour  | Supportive Behaviour  |
|--|---|
| <ul style="list-style-type: none"> <li>• One-Way Communication</li> <li>• Followers' Roles Clearly Communicated</li> <li>• Close Supervision of Performance</li> </ul> | <ul style="list-style-type: none"> <li>• Two-Way Communication</li> <li>• Listening, providing support and encouragement</li> <li>• Facilitate interaction Involve follower in decision-making</li> </ul> |

Source: (Hersey and Blanchard, 1977)

For Hersey and Blanchard the key situational variable when determining the appropriate leadership style is the readiness or developmental level of the subordinate(s). As a result, four leadership styles result:

- **Directing:** The leader provides clear instructions and specific direction. This style is best matched with a low follower readiness level.
- **Coaching:** The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level.
- **Supporting:** With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level.

- **Delegating:** This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with a high follower readiness level.

Thus, the model is used to determine which of the four leadership styles (telling, selling, participating and delegating) fits the situation (subordinates' maturity level to perform and complete a specific task) to enhance performance (Hersey, Blanchard and Johnson 2001)). To determine the appropriate leadership style to use in a given situation, the leader must first determine the maturity level of the followers in relation to the specific task that the leader is attempting to accomplish through the effort of the followers (Hersey and Blanchard, 1993). Interrelated factors determine the maturity level of individual or groups in the organisation. These are job maturity and psychological maturity. Job maturity is basically the ability of an individual to do his/her work competently. Psychological maturity refers to individual's self-motivation and willingness to accept responsibilities and the possession of necessary skill to carry out the responsibilities (Owens, 1999).

As the level of followers' maturity increases, the leader should begin to reduce his or her task behaviour and increase relationship behaviour until the followers reach a moderate level of maturity. As the followers begin to move into an above average level of maturity, the leader should decrease not only task behaviour but also relationship behaviour. Once the maturity level is identified, the appropriate leadership style can be determined.

### 2.4.3.3 Tannenbaum and Schmidt's Leadership Continuum

One criticism of early work on leadership styles is that they looked at styles too much in black and white terms. The autocratic and democratic styles or task-oriented and relationship-oriented styles, which they described are extremes, whereas in practice the behaviour of many, perhaps most leaders in business will be somewhere between the two. Contingency theorists Tannenbaum and Schmidt suggested the idea that leadership behaviour varies along a continuum and that as one moves away from the autocratic extreme the amount of subordinate participation and involvement in decision taking increases. They also suggested that the kind of leadership represented by the democratic extreme of the continuum will be rarely encountered in formal organizations.

Four main leadership styles can be located at points along such a continuum:

- **Autocratic:** The leader takes the decisions and announces those expecting subordinates to carry them out without question (the *Telling* style).
- **Persuasive:** At this point on the scale the leader also takes all the decisions for the group without discussion or consultation but believes that people will be better motivated if they are persuaded that the decisions are good ones. He or she does a lot of explaining and 'selling' in order to overcome any possible resistance to what he or she wants to do. The leader also puts a lot of energy into creating enthusiasm for the goals he or she has set for the group (the *Selling* style).
- **Consultative:** In this style the leader confers with the group members before taking decisions and, in fact, considers their advice and their feelings when framing decisions. He or she may, of course, not always accept the subordinates' advice but they are likely to

feel that they can have some influence. Under this leadership style the decision and the full responsibility for it remain with the leader but the degree of involvement by subordinates in decision taking is very much greater than telling or selling styles (the *Consulting* style).

- **Democratic:** Using this style the leader would characteristically lay the problem before his or her subordinates and invite discussion. The leader's role is that of conference leader, or chair, rather than that of decision taker. He or she will allow the decision to emerge out of the process of group discussion, instead of imposing it on the group as its boss (the *Joining* style).

What distinguishes this approach from previous discussions of leadership style is that there will be some situations in which each of the above styles is likely to be more appropriate than the others.

- **Telling:** In an emergency, a telling style may be most appropriate and would normally be considered justified by the group (as long as the general climate of that group is supportive and mature).
- **Selling:** The selling style would tend to fit situations in which the group leader, and he or she alone, possesses all the information on which the decision must be based and which at the same time calls for a very high level of commitment and enthusiasm on the part of group members if the task is to be carried through successfully.
- **Consulting:** The consulting style is likely to be most appropriate when there is time in which to reach a considered decision and when the information on which the decision needs to be based lies among the members of the group.

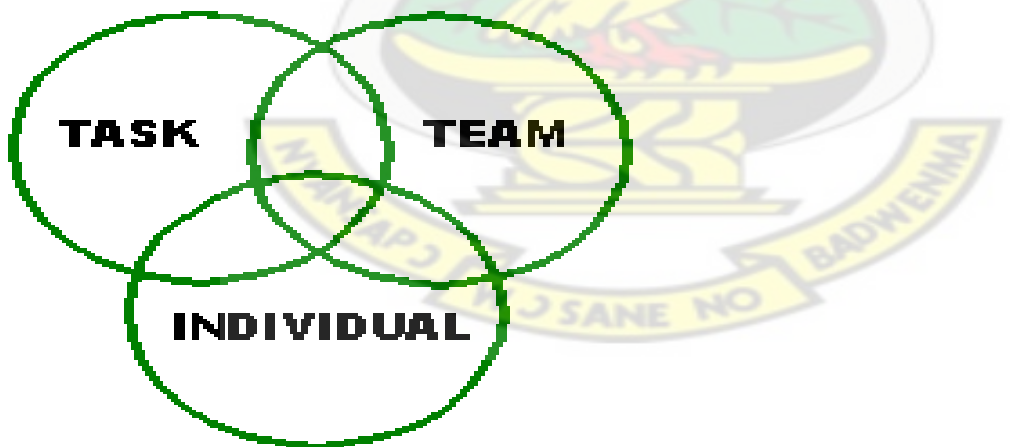
- **Joining:** The joining style is appropriate under similar conditions, with the important exception that this is likely to be appropriate only in those instances where the nature of the responsibility associated with the decision is such that group members are willing to share it with their leader, or alternatively the leader is willing to accept responsibility for decisions which he or she has not made personally.

#### 2.4.3.4 Adair's Action-Centred Leadership Model

John Adair has a long pedigree in the world of leadership. The Adair model is that the action-centred leader gets the job done through the work team and relationships with fellow managers and staff. According to Adair's explanation an action-centred leader must:

- direct the job to be done (**task** structuring)
- support and review the **individual** people doing it
- co-ordinate and foster the work **team** as a whole

Figure 2.2: Action-Centred Leadership Model



Action-Centred Leadership Model (Adair, 1973)

His famous three-circle diagram is a simplification of the variability of human interaction, but is a useful tool for thinking about what constitutes an effective leader/manager in relation to the job he/she has to do. The effective leader/manager carries out the functions and exhibits the behaviours depicted by the three circles. Situational and contingent elements call for different responses by the leader. Hence imagine that the various circles may be bigger or smaller as the situation varies, the leader will give more or less emphasis to the functionally-oriented behaviours according to what the actual situation involves. The challenge for the leader is to manage all sectors of the diagram:

**Table 2.3: Action-Centred Leadership Model**

|                   |   |
|-------------------|---|
| <b>Task</b>       | <ul style="list-style-type: none"> <li>• define the task</li> <li>• make the plan</li> <li>• allocate work and resources</li> <li>• control quality and rate of work</li> <li>• check performance against plan</li> <li>• adjust the plan</li> </ul>                  |
| <b>Team</b>       | <ul style="list-style-type: none"> <li>• maintain discipline</li> <li>• build team spirit</li> <li>• encourage, motivate, give a sense of purpose</li> <li>• appoint sub-leaders</li> <li>• ensure communication within group</li> <li>• develop the group</li> </ul> |
| <b>Individual</b> | <ul style="list-style-type: none"> <li>• attend to personal problems</li> <li>• praise individuals</li> <li>• give status</li> <li>• recognise and use individual abilities</li> <li>• develop the individual</li> </ul>  |

Source: (Adair, 1973)



#### **2.4.3.5 The Path-Goal Leadership Model**

Path-goal model is rooted in motivation theories of goal setting and expectancy. The authors, House and Mitchell (as reported by Oluwatoyin, 2006) use this leadership model to explain how a leader's behaviour influences the performance and satisfaction of the subordinates. According to Oluwatoyin (2006), the fundamental principle of this model is that leadership behaviour should be motivating and satisfying to the extent that it increases goal attainment by subordinates and clarifies the behaviour that will lead to these goals/rewards. Unlike some contingency leadership models, this model does not have a leader trait and behaviour variable. Therefore, it allows for the possibility of adapting leadership to the situation. House and Mitchell's proposition is that a leader should choose a leadership style that considers the characteristics of followers and the demand of the task (Dubrin 1998). The leader's major task is to increase subordinates' motivation for the achievement of personal and organisational goals. Motivation is said to increase by clarifying the subordinates' path to the rewards that are available or increasing the rewards that the subordinates value and desire, that is, the leader assists the subordinates to identify and learn behaviour that will lead to successful task accomplishment and organisational rewards (Lussier and Achua 2001).

Pertinent to this model is the ability of the leader to match his/her leadership style to the prevailing situation and the step the leader can take to influence performance and satisfaction (Dubrin 1998). House and Mitchell (as reported by Dubrin, 1998) suggest that based on the situational factors, the leader should choose one of four leadership styles that will enhance goal achievement through performance and satisfaction. Situational factors, according to this model, consist of the type of subordinates and the nature of work to be performed. The type of

subordinates is determined by how much control they think they have over the environment in terms of their perception of and attitudes toward authority, goal achievement, ability to perform the assigned task and relationship among subordinates in the area of job satisfaction. For instance, subordinates who attribute outcome to their own behaviour are likely to be satisfied with participative leader's approach while subordinates who attribute outcome to external factors are likely to be efficient under a directive leader. Similar to this is how subordinates perceive their abilities, those who feel their ability is high will not need a directive leader and those who think their ability is low will prefer a directive leader. House and Mitchell (in Griffin 2001) suggest that a leader can behave in different ways in different situations. The following are the four kinds of leaders' behaviour:

***(a) Directive leadership style***

Directive leadership style is similar to the task-oriented style. The leader who uses this type of leadership style provides teachers with specific guidelines, rules and regulations with regard to planning, organizing and performing activities. This style is deemed to be appropriate when subordinates' ability is low and or the task to be performed is complex or ambiguous. Job satisfaction is increased when the leader gives more directives (Hoy and Miskel 2001).

***(b) Supportive leadership style***

Supportive leadership style is more of a relationship-oriented style. It requires the leader to be approachable and friendly. He/she displays concern for the well-being and personal needs of the subordinates. He/she creates an emotionally supportive climate. This style is effective when subordinates lack self-confidence, work on dissatisfying or stressful tasks and work does not provide job satisfaction (Hoy and Miskel 2001).

***(c) Participative leadership style***

The leader who employs this style consults with subordinates for ideas and takes their ideas seriously when making decisions. This style is effective when subordinates are well motivated and competent (Lussier and Achua 2001).

***(d) Achievement-oriented style***

In this style, the leader sets challenging but achievable goals for the subordinates. He/she pushes work improvement and sets high expectations for subordinates and rewards them when the expectations are met. That is, the leader provides both high directive (structure) and high supportive (consideration) behaviour. This style works well with achievement oriented subordinates (Lussier and Achua 2001).

Path-goal leadership model proposes that:

- a) Subordinates see the leader's behaviour as acceptable and satisfying when it is instrumental to obtaining future satisfaction.
- b) The leader's behaviour will be motivating so much so that his/her behaviour influences expectations and performance to the extent that it complements subordinates' work environment by providing needed guidance, clarity of direction and rewards for performance (Ubben et al 2001).

In conclusion, the success of this model is based on the ability of the leader to thoroughly motivate the subordinates because the subordinates are satisfied and work hard if there is an indication that their efforts will lead to things that they highly valued, such as awards, promotion. All the same, this model is said to be complex as the leader may find it difficult to know which style to use and when, considering those situational factors (Lussier and Achua 2001).

#### **2.4.3.6 The Vroom-Yetton-Jago Normative Contingency Model**

The Vroom-Yetton-Jago model was the original work of Victor Vroom and Philip Yetton and was later modified by Vroom and Arthur Jago. Vroom and Jago (1988) assert that this model, like the path-goal theory, describes how a leader should behave in certain contingencies to enhance effectiveness. It is based on one aspect of leader behaviour and that is subordinates' involvement in decision-making. The authors assume that a leader may exhibit different leadership styles; this is particularly important when it comes to the decision-making process. The leader should be able to know when to take charge and when he/she should allow the group to take decisions (Vroom and Jago 1988).

Vroom and Jago (1988) propose that there is no leadership style that is appropriate for all situations. It therefore follows that a leader develops a series of responses ranging from autocratic to consultative and applies the leadership style that is appropriate to the decision situation. The assumption is that the leader has to adapt his/her style to the situation. These authors suggest five decision-making styles, each requiring a different degree of participation by the subordinates. The styles are based on two variable factors: individual or group decisions and time-driven or development-driven decisions.

#### **2.4.4 Transformational Leadership**

Burns (1978) was the first to put forward the concept of “transforming leadership”.

To Burns transforming leadership “*is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents*”. Burns went on to also further define it by suggesting that:

*‘Transforming leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality...’*

Burns draws upon the humanistic psychology movement in his writing upon ‘transforming leadership’ by proposing that the transforming leader shapes, alters, and elevates the motives, values and goals of followers achieving significant change in the process. He proposed that there is a special power entailed in transforming leadership with leaders *“armed with principles [that] may ultimately transform both leaders and followers into persons who jointly adhere to modal values and end-values”*. Burns sees the power of transforming leadership as more noble and different from charismatic leadership, which he terms ‘heroic’ leadership, and executive or business leadership. Despite this it is surprising that most of the application of Burns’ work has been in these two types of leadership.

Bass (1985) developed Burns’ concept of transforming leadership in ‘Leadership and Performance Beyond Expectations’ into ‘transformational leadership’ where the leader transforms followers – the direction of influence to Bass is thus one-way, unlike Burns’ who sees it as potentially a two-way process. Bass, however, deals with the transformational style of executive leadership that incorporates social change, a facet missing from Burns’ work. For Bass ‘transformational leaders’ may:

- expand a follower’s portfolio of needs
- transform a follower’s self-interest
- increase the confidence of followers
- elevate followers’ expectations

- heighten the value of the leader's intended outcomes for the follower
- encourage behavioural change
- motivate others to higher levels of personal achievement (Maslow's 'self-actualisation').

Tichy and Devanna (1986) built further on the work of Burns and Bass in organisational and work contexts. They described the hybrid nature of transformational as "... *not due to charisma. It is a behavioural process capable of being learned*". Bass (1994), writing with a research colleague Avolio, suggested that "*Transformational leadership is closer to the prototype of leadership that people have in mind when they describe their ideal leader, and it is more likely to provide a role model with which subordinates want to identify*". "*The goal of transformational leadership is to 'transform' people and organisations in a literal sense, to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behaviour congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building*"

According to Bass and Avolio, transformational leaders display behaviours associated with five transformational leadership styles and behaviours:

**Table 2.4: Transformational Leadership Style and Behaviour**

| Transformational Style  | Leader Behaviour  |
|---|---|
| <p><b>1) Idealized Behaviours:</b><br/>living one's ideals</p>    | <ul style="list-style-type: none"> <li>• Talk about their most important values and beliefs</li> <li>• Specify the importance of having a strong sense of purpose</li> <li>• Consider the moral and ethical consequences of decisions</li> <li>• Champion exciting new possibilities</li> <li>• Talk about the importance of trusting each other</li> </ul>   |
| <p><b>2) Inspirational Motivation:</b><br/>inspiring others</p>   | <ul style="list-style-type: none"> <li>• Talk optimistically about the future</li> <li>• Talk enthusiastically about what needs to be accomplished</li> <li>• Articulate a compelling vision of the future</li> <li>• Express confidence that goals will be achieved</li> <li>• Provide an exciting image of what is essential to consider</li> <li>• Take a stand on controversial issues</li> </ul> |
| <p><b>3) Intellectual Stimulation:</b><br/>stimulating others</p> | <ul style="list-style-type: none"> <li>• Re-examine critical assumptions to question whether they are appropriate</li> <li>• Seek differing perspectives when solving problems</li> <li>• Get others to look at problems from many different angles</li> </ul>  |

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>• Suggest new ways of looking at how to complete assignments</li> <li>• Encourage non-traditional thinking to deal with traditional problems</li> <li>• Encourage rethinking those ideas which have never been questioned before</li> </ul>   |
| <p><b>4) Individualized</b></p> <p><b>Consideration:</b> coaching and development</p> | <ul style="list-style-type: none"> <li>• Spend time teaching and coaching</li> <li>• Treat others as individuals rather than just as members of the group</li> <li>• Consider individuals as having different needs, abilities, and aspirations from others</li> <li>• Help others to develop their strengths</li> <li>• Listen attentively to others' concerns</li> <li>• Promote self development</li> </ul> |
| <p><b>5) Idealized Attributes:</b></p> <p>Respect, trust, and faith</p>               | <ul style="list-style-type: none"> <li>• Instill pride in others for being associated with them</li> <li>• Go beyond their self-interests for the good of the group</li> <li>• Act in ways that build others' respect</li> <li>• Display a sense of power and competence</li> <li>• Make personal sacrifices for others' benefit</li> <li>• Reassure others that obstacles will be overcome</li> </ul>         |

Source: (Bass and Avolio, 1994)



Transformational leadership is a process in which the leaders take actions to try to increase their associates' awareness of what is right and important, to raise their associates' motivational maturity and to move their associates to go beyond the associates' own self-interests for the good of the group, the organization, or society. Such leaders provide their associates with a sense of purpose that goes beyond a simple exchange of rewards for effort provided. The transformational leaders are proactive in many different and unique ways. These leaders attempt to optimize development, not just performance. Development encompasses the maturation of ability, motivation, attitudes, and values. Such leaders want to elevate the maturity level of the needs of their associates (from security needs to needs for achievement and self-development). They convince their associates to strive for a higher level of achievement as well as higher levels of moral and ethical standards. Through the development of their associates, they optimize the development of their organization as well. High performing associates build high performing organizations.

Hooper and Potter (1997) extend the notion of transformational leadership to identify seven key competences of “transcendent leaders”: those able to engage the emotional support of their followers and thus effectively transcend change.

- (i) Setting direction
- (ii) Setting an example
- (iii) Communication
- (iv) Alignment
- (v) Bringing out the best in people
- (vi) The leader as a change agent

(vii) Providing decision in a crisis and on the ambiguous

Transformational leadership has emerged as one of the most extensively researched leadership paradigms to date (Bass, 1985). Perhaps the reason that research on transformational leadership has become somewhat self-sustaining is that positive results continue to emerge on the effects of transformational leadership (Hater and Bass, 1988). Transformational leadership concerns the transformation of followers' beliefs, values, needs and capabilities (Brand, et al., 2000). Yukl (1989, in Kent and Chelladurai, 2001) defines transformational leadership as "the process of influencing major changes in attitudes and assumptions of organisational members and building commitment for the organisation's mission and objectives".

Transformational leaders therefore teach their followers to become transformational leaders in their own right (Bass, 1994). Transformational leaders encourage subordinates to adopt the organisational vision as their own, through inspiration (Cacioppe, 1997). Hughes, Ginnett and Curphy (1994) believe that transformational leaders also have the ability to align people and the systems so there is integrity throughout the organisation. Moreover, transformational leaders are responsible for motivating their employees to go beyond ordinary expectations by appealing to their higher order needs and moral values.

This leadership has consistently shown advantages on a range of individual and organisational outcomes, such as objectives and performance (Bass, 1998). Through setting more challenging expectations and raising levels of self and collective efficacy, such a leadership style typically achieves significantly higher performance and commitment levels from their employees.

While transformational leadership inspires common goals and aspirations that tend to transcend followers' individual needs and result in the attainment of major transformation in work-place effectiveness, it would be narrow-minded to view transformational leaders as the exclusive participants in the process of leader-follower exchanges. Transformational leadership extends transactional leadership to attain higher levels of subordinate performance, but achieves this addition by utilising various motivational methods and diverse types of objectives and goals (Bass, Avolio and Goodheim, 1987). Barling, et al (2000) found that subordinates' organisational commitment was positively correlated with the transformational leadership behaviours of their supervisors. In summary, empirical literature indicates that transformational leadership is positively connected with leaders' effectiveness (Bass, 1998).

#### **2.4.5 Transactional Leadership**

Transactional leadership has been the traditional model of leadership with its roots from an organisational or business perspective in the 'bottom line'. Bass and Avolio (1997) describe the transactional leadership style as based on traditional bureaucratic authority and legitimacy. Transactional leaders are able to entice subordinates to perform and thereby achieve desired outcomes by promising those rewards and benefits for the accomplishment of tasks (Bass, 1990). Bass describes the transactional leader's relationship with the subordinates as having three phases. Firstly, he recognises what subordinates want to get from their work and ensures that they get what they want given that their performance is satisfactory. Secondly, rewards and promises of rewards are exchanged for employee's effort. Lastly, the leader responds to his employee's immediate self interests if they can be met through completing the work. Transactional leaders are those leaders who implement structure and are understanding towards their employees (Senior, 1997).

Bass (1985) indicates that transactional leaders “generally reflect on how to marginally improve and maintain the performance, how to replace one goal for another, how to decrease resistance to particular actions, and how to execute decisions”. This form of leadership emphasizes the clarification of goals, work principles and standards, assignments and equipment (Bass, 1985). Transactional leaders focus their energies on task completion and compliance and rely on organisational rewards and punishments to influence employee performance, with reward being contingent on the followers carrying out the roles and assignments as defined by the leader (Bass and Avolio, 2000; Mester, et al 2003). In other words, the leader rewards or disciplines the followers depending on the adequacy of the follower’s performance (Senior, 1997). The transactional leader is known to change promises for votes and works within the framework of the self-interest of his or her constituency (Bass, 1990). Therefore, transactional leaders are thought to have an exchange-based relationship with their followers (Burns, 1978; Senior, 1997).

The focal point of transactional leadership is on role elucidation. The leader assists the follower in understanding precisely what needs to be achieved in order to meet the organisation’s objectives (Bass, 1985). Leaders who display a transactional leadership style define and communicate the work that must be done by their followers, how it will be done, and the rewards their followers will receive for completing the stated objectives (Burns, 1978, et al).

Transactional leadership occurs when leaders approach followers either to correct a problem or to establish an agreement that will lead to better results. Additionally, transactional leadership concerns the style of leadership where the leader makes work behaviour more instrumental for followers to reach their own existing goals while concurrently contributing to the goals of the organisations (Brand, et al., 2000). Transactional leaders are suited to a more stable business

environment with little competition, as characterized by the business arena prior to the 1980s (Tichy and Devanna, 1986). In a stable environment, transactional leaders manage what they find and leave things much as they found them when they move on (Howell and Avolio, 1993). However, the current competitive business environment requires a new style of leadership in order to ensure the organisation’s survival and performance, namely, transformational leadership (Bass, 1985; Brand, et al., 2000).

Stephen Covey writing in ‘Principle-Centred Leadership’ suggests that transformational leadership “... focuses on the ‘top line’” and offers contrast between the two (a selection being):

**Table 2.5: Comparison of Transactional and Transformational Leadership**

| <b>Transactional Leadership</b>   | <b>Transformational Leadership</b>  |
|---|---|
| <ul style="list-style-type: none"> <li>• Builds on man’s need to get a job done and make a living</li> <li>• Is preoccupied with power and position, politics and perks</li> <li>• Is mired in daily affairs</li> <li>• Is short-term and hard data orientated</li> <li>• Focuses on tactical issues</li> <li>• Relies on human relations to lubricate human interactions</li> <li>• Follows and fulfils role expectations by striving to work effectively within current systems</li> <li>• Supports structures and systems that reinforce the bottom line, maximise efficiency, and guarantee short-term profits</li> </ul> | <ul style="list-style-type: none"> <li>• Builds on a man’s need for meaning</li> <li>• Is preoccupied with purposes and values, morals, and ethics</li> <li>• Transcends daily affairs</li> <li>• Is orientated toward long-term goals without compromising human values and principles</li> <li>• Focuses more on missions and strategies</li> <li>• Releases human potential – identifying and developing new talent</li> <li>• Designs and redesigns jobs to make them meaningful and challenging</li> <li>• Aligns internal structures and systems to reinforce overarching values and goals</li> </ul> |

Source: (Covey, 1992)

Both kinds of leadership are necessary. Transactional leadership has remained the organisational model for many people and organisations that have not moved into or encouraged the transformational role needed to meet the challenges of our changing times.

#### **2.4.6 Democratic Leadership**

Democratic leadership style is exhibited where the focus of power is more towards the group as a whole, and where there is greater interaction within the group (Mullins, 2002), The manager shares the leadership functions with members of the group where he or she takes part as a team member. The manager would characteristically lay the problem before the subordinates and invite discussion. In this respect the manager's role is to be a conference leader rather than that of decision taker. The manager allows the decision to emerge out of the process of the group discussion, instead of imposing it on the group as a boss. This leadership style is appropriate only in instances where the nature of the responsibility associated with the decision is such that group members are willing to share with their manager, or alternatively the manager is willing to accept responsibility for decisions, which he or she has not made personally.

The point of focus is sharing: the manager shares decision-making with the subordinates. Even though he or she invites contributions from the subordinates before making a decision, he or she retains the final authority to make decisions (consultative). The manager may also seek discussion and agreement with teachers over an issue before a decision is taken (consensus). He or she may allow the subordinates to take a vote on an issue before a decision is taken (democratic). He or she coaches subordinates and negotiates their demands (Dubrin 1998).

This leadership is viewed as an important aspect of empowerment, teamwork and collaboration. It has been observed that an organisation is more effective when those who will be affected by

the organisation's decisions are fully involved in the decision-making process. It is believed that subordinates share a sense of responsibility for the organisation when they are allowed to participate actively in decision-making (Prerez, Milstein, Wood and Jacquez 1999). Good as it is, the concern expressed by Dubrin (1998) is that the participative style of leadership wastes time due to endless meetings and may lead to confusion and lack of direction. By implication, it is not appropriate for use in times of crisis when the situation demands on-the-spot decision. Seeking advice from an uninformed or incompetent group of subordinates may lead to disaster. However, Goleman *et al.* (2002) posit that a democratic leader keeps staff morale high and therefore positive climate prevails in the organisation. There are significant similarities between this style and Likert's systems III and IV leadership styles.

#### **2.4.7 Autocratic Leadership**

In autocratic leadership, the manager retains most authority for himself and makes decision with the mind that subordinates will implement it. He is not bothered about attitudes of the subordinates toward a decision; he is rather concerned about getting the task done. He tells the staff what to do and how to do it, asserts himself and serves as an example for the subordinates. This style is viewed as task-oriented (Dubrin, 1998). This style is similar to Likert's I and II leadership styles.

With the authoritarian style, the focus of power is more with the manager, and all interactions within the group also move towards the manager. According to Mullins (2002), the manager solely exercises decision-making and authority for determining policy, procedures for achieving goals, work tasks and relationships, and control of rewards or punishments. However, this style

would be most appropriate in emergency situations, and would normally be considered justified by the group, that is, where the general climate of the group is supportive and mature.

#### **2.4.8 Laissez-Faire Leadership**

Mullins (2006) describes laissez-faire style as genuine and it is where the manager observes subordinates' working well on their own. The manager consciously makes a decision to delegate the focus of power to subordinates, and allow them freedom of action 'to do as they think best' and not to interfere; but is readily available if help is needed. According to Mullins, there is often confusion over this style of leadership behaviour. The word 'genuine' described by Mullins (2006) is emphasised because it is to be contrasted with the manager who could not care, or who deliberately keeps away from the trouble spots and does not want to get involved. Furthermore, the manager allows subordinates to get on with their work at hand, and again they are left to face decisions, which rightly belong with the manager. The manager gives almost all authority and control to subordinates. There is no person of authority in the organisation.

The manager leads the organisation indirectly, he or she does not make decisions; rather he or she abides by popular decisions. There is no setting of goals and objectives by the manager. Tasks are done the way the manager thinks it should be done, but he or she gets involved on request and this may lead to digression from broad organisational policy. Thus, this style of leadership may be effective with well-motivated and experienced employees (Dubrin 1998), but could lead to failure when subordinates are deceptive, unreliable and untrustworthy. It is good to mention that this style is the extreme a manager can go. However, while one is not denying the possibility of having this type of leadership in some outfits, it is probably rare to come across it.



### **2.4.9 Paternalistic Leadership**

Paternalistic leadership is an approach that is based, intentionally or unintentionally, on the idea that the leader is in a better position than the followers to know best what is good for the organization, or the followers. In a nutshell it's the "leader as expert father figure". In today's climate where participation and involvement in the workplace are much more popular than before, the paternalistic leader often acts in ways that many leadership gurus would criticize. The reality is that most leaders sometimes act in paternalistic ways, and make decisions on behalf of followers that work out well, and it's also a reality that leaders sometimes (or in fact, often) are in positions that allow them to have information and expertise that others in the organization may lack. The issue is whether leaders acting in paternal type roles make decisions that would be better than if followers made them or had extensive input into them. However, when paternalistic leadership incorporates an over inflated ego, and a strong refusal to keep in touch with followers in an organization, it's often the case that the leader becomes harmfully dictatorial and makes poor decisions.

The strong belief that a leader "knows best" (when it is held by the leader) can lead to catastrophic results. That said, leaders should recognize that part of leadership is being "in front", rather than "leading by consensus", or "leadership by poll". It's also important to be aware of the fact that many people who would be in a "follower role", may want to be led by someone who they perceive "takes care of them".

#### **2.4.10 Employee-Centred Style (Human Relation –Oriented)**

The employee-centred style of leadership places strong emphasis on the welfare and motivation of subordinates. Leaders establish trust, mutual respect and rapport with the workers and show concern, warmth, support and consideration for subordinates (Mullins 2005). Leaders, with this style are more sensitive to the needs and feelings of the employee. They typically find time to listen to workers, are willing to make changes, look out for the personal welfare of employee, friendly and approachable (Hellrieger et al, 1999). Also they are supportive to their subordinates, helpful to them and are concerned for their well-being. The leader is perceived as interested in the human aspect of the work. He or she is likely to have three characteristics: a strong regard for employees as human beings, a commitment to high production and contagion enthusiasm for good quality of work (Cribbin, 1978).

#### **2.4.11 Job Centred style or production centred (Task Oriented)**

Leaders with this style, emphasise direction of group activities through planning, communicating, information, scheduling, assigning tasks, emphasising deadlines, and giving direction. Thus, leaders who adopt this style concentrate on keeping their subordinates engaged in going through specified work cycles in a prescribed way and at a satisfactory rate as determine by the standards (Likert, 1961). Therefore, the job-centred style of leadership stresses on getting the work done, group interaction towards attainment of formal goals and organise group activities, rather than the welfare and motivation of employees.

This type of leadership is associated with efforts to achieve organisational goals (Mullins 2006). Also, according to Cribbin, 1978), the production-centred leader perceives his or her people as mere hands to get the work done. He or she is noted for not sharing concern for neither workers welfare nor his or her considerateness of their feelings and needs. Thus, in the leader's view, technical work factors take precedence over human work factors. The leader equates working with machines to working with people and it is not surprising that he or she is always in charge of land producing groups. The production-centred leaders maintain definite standard of performance and ask subordinates to follow standard rules. In sum, leaders with high degree of imitating structure generally concern themselves with accomplishing tasks by giving directions and expecting them to be followed (Northhouse, 1987).

## **2.5 Performance Management**

### **2.5.1 Concept of Performance Management**

Performance is important to us as people and as organisations. The topic of performance is not a straightforward one (Corvellec, 1995). The word “performance” is utilised extensively in all fields of management. Despite the frequency of the use of the word, its precise meaning is rarely explicitly defined by authors even when the main focus of the article or book is on performance. The correct interpretation of the word performance is important and must never be misread in the context of its use. Often performance is identified or equated with effectiveness and efficiency (Neely, Gregory and Platts, 1995). In fact, most of us believe that we can, and will, improve at what we do, and we expect others to improve over time as well (Temple, 2002). Performance is a relative concept defined in terms of some referent employing a complex set of time-based measurements of generating future results (Corvellec, 1995).

Performance management is an integral part of effective human resource management and development strategy (Hellriegel, et al., 2004). Performance management is an ongoing and joint process where the employee, with the assistance of the employer, “strives to improve the employee’s individual performance and his contribution to the organisation’s wider objectives” (Hellriegel, et al., 2004). To Noe et al, (1996) the means through which managers ensure that employee activities and output are congruent with the organization’s goals are referred to as Performance Management. Amos, et al. (2004) define performance management as “the process that begins with translating the overall strategic objectives of the organisation into clear objectives for each individual employee”. Performance management can also be seen to incorporate all of those aspects of human resource management that are designed to progress and/or develop the effectiveness and efficiency of both the individual and the organisation (Amos, et al., 2004). First-class performance management begins and develops with the employee's lucid understanding of the organisation’s expectations (Hendrey, 1995).

To elevate and sustain the level of work performance, managers must look at past individual or team performance to a larger arena of play: the performance management system (Campbell, McCloy, Oppler and Sager, 1993). The success of a performance management system is reliant on the commitment/support of an organisation’s management. Performance management systems must be seen to reward personal development and achievement (Hendrey, 1995). Within the performance management field itself, it is important that targets are viewed to be fair and equitable across all groups. It is imperative that employees have confidence in their work and recognize that management supports them (Cherrington, 1994; Baird, 1986). A good performance management system motivates employees to better their own performance,

promotes self-motivation, and builds and strengthens relationships via open communication between employees and managers (Baird, 1986).

There are two main purposes driving performance management. Firstly, there are the operational reasons, which lead and control the system (Temple, 2002). Secondly, on the cultural side, the system can feature as part of the overall drive to build a more open relationship with employees (Temple, 2002). The performance management system sets out to communicate the link between an organisation's mission, strategic direction and the required employee performance (Armstrong and Baron, 1998; Foot and Hook, 1999). A successful performance management system is one that requires full participation between employees and managers through effective communication and goal agreement, resulting in complete common understanding and not unfounded expectations (Campbell, et al., 1993). A well-executed performance management system is a medium for managers and employees to develop an understanding of what work the mission of the organisation requires, the manner in which this work should be accomplished, and to what extent it has been achieved. Employees should be empowered and receive support from their manager without removing any of the employee's responsibility (Armstrong and Baron, 1998).

Performance planning, according to Torrington and Hall (1995) identifies three key aspects of the effective performance cycle as planning performance, supporting performance and reviewing performance. Torrington and Hall (1995) recognized performance planning or objective setting as the beginning of the cycle. According to them the first recognizes the importance of shared view of expected performance between manager and employee. The shared view can be expressed in a variety of ways such as traditional job description, key accountabilities,

performance standards, specific objectives and essential competencies. In most cases the combination of approaches is necessary. There is a clear trend to use specific objectives with time scale completion in addition to the generic tasks, with no beginning and no end – that tend to appear on traditional job descriptions. Such objectives give individuals a much clearer idea of performance expectations and enable them focus on the priorities when they have to make choices about what to do.

### **2.5.2 Performance of Organisations**

An organisation is judged by its performance. For more than a decade, organisational environments have experienced radical changes. As a result of greater competition in the global marketplace the majority of organisations have greatly streamlined their operations (Collis and Montgomery, 1995). Every moment presents a diverse set of challenges and obstacles: laws and regulations are evolving, the economy is altering, and, most importantly, no one is aware of what problems or obstacles will arise. Furthermore, organisations can also perform well or poorly due to external forces, such as interest rates and taxation. To remain competitive in such an environment, an organisation needs to get the most out of its assets, especially the human assets. Many organisations feel that their people can provide a competitive advantage, and therefore their people contribute to the organisation's performance. Employees play a pivotal role in organisational success (Collis and Montgomery, 1995). Employee performance has been shown to have a significant positive effect on organisational performance (Collis and Montgomery, 1995). One of the major pitfalls in an organisation occurs when managers believe their organisations are constantly operating at the highest level of efficiency, or that they do not require input from their employees (Foot and Hook, 1999). Nevertheless, the principal influence

on the organisation's performance is the quality of the workforce at all levels of the organisation. The function that human resources can play in gaining a competitive advantage for an organisation is empirically well documented (Brewster, Carey, Dowling, Grobler, Holland and Wörnich, 2003).

For organisations to accomplish their goals, they must continually look for better ways to organise and manage their work. There is a growing recognition that the primary source of competitive advantage is derived from an organisation's human resources. This was not always the case, as human resources were traditionally seen as a cost (Brewster, et al., 2003). Due to the realisation that people are the most valuable assets in an organisation, the importance of performance management has been pushed to the fore (Bartlett and Ghoshal, 1995). The complexity of managing organisations today requires managers to view performance in several areas simultaneously. The performance measurement system employed in an organisation must therefore measure the performance of all assets including the human ones. The Balance Score card of Kaplan and Norton (1996) is a mechanism, which provides a holistic measure of organisational performance. It is a set of measures that provide managers a fast but comprehensive view of the business.

The Balanced Score card is not only a measurement system but also a management system, which enables organisations to clarify their vision and strategy and translate them into action (Kaplan and Norton, 1996). It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the Balance Scorecard transforms strategic planning from an academic exercise into the nerve centre of an enterprise (Norton, 1999). The Balance Scorecard includes both

financial measures that tell the results of actions already taken, and operational measures that are the drivers of future financial performance (Kaplan and Norton, 1996).

It can be seen that the individual's performance has an impact on the organisation's wider objectives, and it is thus imperative that every employee's performance should be managed. This process of performance management includes group assessments and peer reviews, as well as written reports (Hellriegel, et al., 2004). In recent years performance management systems have become more important because managers are under constant pressure to improve the performance of their organisations (Holloway, Francis and Hinton, 1999). As the performance of organisations influence the organisation's continued existence, it is therefore necessary to discuss the notion of managing this performance.

### **2.5.3 Individual (Employee) Performance**

As the performance of an organisation is dependent on the quality of the workforce at all levels of the organisation (Temple, 2002), it is essential to discuss the concept of individual performance. Millcorvich and Bondream (1997) define employee performance as the degree to which employees accomplish work requirements. To them employee performance in effect reflects the efficiency of the organisation. People are an organisation's greatest assets: individuals and organisations have learned about the importance of the role of people in an organisation, and how the success of an organisation depends on its people (Bartlett and Ghoshal, 1995). The role of human resources is absolutely critical in raising performance in an organisation (Armstrong and Baron, 1998). Ultimately it is the performance of many individuals, which culminates in the performance of an organisation, or the achievement of goals in an organisational context (Armstrong and Baron, 1998).



Amos, et al. (2004) states, that “the effective management of individual performance is critical to the execution of strategy and the organisation achieving its strategic objectives”. Performance cannot be left in anticipation that it will develop naturally, despite the employee’s natural desire to perform and be rewarded for it. This desire needs to be accommodated, facilitated and cultivated (Amos, et al., 2004). In return for this performance, organisations extend themselves in various forms of acknowledgement (Foot and Hook, 1999) Individual performance has become a topical issue in today’s business environment, so much so that organisations go to great lengths to appraise and manage it (Armstrong and Baron, 1998). Whetten and Cameron (1998), state that individual performance is the product of ability multiplied by motivation. Furthermore, Cummings and Schwab (1973) concur with the belief that performance is ultimately an individual phenomenon with environmental factors influencing performance, primarily through their effect on the factors are those factors over which the organisation has little or no control, such as demands for job grading systems (Hellriegel, et al., 1999).

#### **2.5.4 Performance and Leadership**

The success of an organisation is reliant on the leader’s ability to optimise human resources. A good leader understands the importance of employees in achieving the goals of the organisation, and that motivating these employees is of paramount importance in achieving these goals. To have an effective organisation the people within the organisation need to be inspired to invest themselves in the organisation’s mission: the employees need to be stimulated so that they can be effective; hence effective organisations require effective leadership (Wall, Solum and Sobol, et al, 1996). Fiedler and House, (1988) indicate that organisational performance will suffer in direct proportion to the neglect of this.

Ultimately it is the individual employee who either performs, or fails to perform, a task. In order for an organisation to perform, an individual must set aside his personal goals, at least in part, to strive for the collective goals of the organisation (Cummings and Schwab, 1973). In an organisational context, the very nature of performance is defined by the organisation itself (Cummings and Schwab, 1973). Employees are of paramount importance to the achievement of any organisation. Thus, effective leadership enables greater participation of the entire workforce, and can also influence both individual and organisational performance (Bass, 1997; Mullins, 1999). Effective leader behaviour facilitates the attainment of the follower's desires, which then results in effective performance (Fiedler and House, 1988; Maritz, 1995; Ristow, et al., 1999).

Preliminary research undertaken by Booysen and Van Wyk (1994, in Swanepoel, et al., 2000) in a South African context found that outstanding leaders, in terms of effectiveness, are perceived to show a strong and direct, but democratic and participative leadership style, and are seen as agents of change and visionaries who increase organisational performance. Maccoby (1979), in Botha, 2001) indicates that the need of firms to flourish in the world of escalating competitiveness, of technological advances, of altering government regulations and of changing employee attitudes, requires an advanced level of leadership more than ever before. His views further demonstrate the importance of leadership in the business arena. According to Bass (1997), in the modern business environment much research has proved that leaders make a difference in their subordinates' performance, and also make a difference as to whether their organisations succeed or fail. Kotter (1988) argues for the ever-increasing importance of leadership in organisations, because of significant shifts in the business environments, such as the change in competitive intensity and the need for more participation of the total workforce.

Leadership is perhaps the most thoroughly investigated organisational variable that has a potential impact on employee performance (Cummings and Schwab, 1973). Winning leaders understand what motivates employees and how the employee's strengths and weaknesses influence their decisions, actions, and relationships. Cummings and Schwab (1973) mention the connection between leadership traits or leadership behaviours and employee performance. However, they stress that the literature was not based on empirical evidence and therefore has become discredited over time (Cummings and Schwab, 1973; Fiedler and House, 1988).

There is agreement in the literature (Maritz, 1995; Bass, 1997) that leadership is a critical factor in the success or failure of an organisation; excellent organisations begin with excellent leadership, and successful organisations therefore reflect their leadership. Leaders are effective when the influence they exert over their subordinates works towards achieving organisational performance (Jones and George, 2000). Furthermore, leadership is often regarded as the single most critical success factor in the success or failure of an institution (Bass, 1990). Dimma (1989) believes that leadership is undoubtedly the critical determinant of the success of an organisation, and thus determines organisational performance in the competitive global market.

Research into organisational behaviour in different environments found that transformational leadership has a positive influence on employee performance, and therefore organisational performance (Bass and Avolio, 1994; Ristow, 1998). However, through research by Pruijn and Boucher (1994) it was shown that transformational leadership is an extension of transactional leadership (Bass, 1997). The difference between these two models is that followers of transformational leadership exhibit performance which is beyond expectations, while transactional leadership, at best, leads to expected performance (Bass and Avolio, 1994). Ristow

(1998) states that transactional leaders were effective in markets, which were continually growing, and where there was little or no competition, but this is not the case in the markets of today, where competition is fierce and resources are scarce. Research data (Brand, et al., 2000) has clearly shown that transformational leaders are more effective than transactional leaders, regardless of how “effectiveness” has been defined. Evidence gathered in South African retail and manufacturing sectors, as well in the armed forces of the United States, Canada and Germany, points towards the marginal impact transactional leaders have on the performance of their followers in contrast to the strong, positive effects of transformational leaders (Brand, et al., 2000, Brett Anthony Hayward, 2005).

### **2.5.5 Performance Monitoring**

Performance monitoring refers to the mechanisms through which progress towards the goals set is measured and employees given feedback. Donnelly et al (1991) underscore the place of monitoring performance in effective performance management when they recommend that managers and employees should not only agree on objectives but also on planned course of action that enable achievement of set of targets. This is true because actions or action plans, as well as monitoring mechanisms like frequent formal or informal reviews, coaching, and feedback are the catalysts that can determine success or failure in meeting objectives. According to Donnelly et al (1992) these planned courses of actions are called the Strategies and Tactics. Thus effective organisation, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress towards reaching their goals.

The necessary requirements for monitoring performance include conducting progress reviews with employees where their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting pre-determined standards and to make changes to unrealistic or problematic standards. And by monitoring continually unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than wait until the end of the period when summary rating levels are assigned.

### **2.5.6 Employee Effectiveness and Efficiency**

Fru et al (1998) identify two overriding issues associated with measuring employee performance. They are employee effectiveness and employee efficiency. To them employee effectiveness is a measure of the degree to which an employee achieves his/her set objectives and goals. The key is that an employee is effective if he/she achieves his/her objectives and goals. Efficiency has to do with the employee achieving his/her objectives or set goals with a proportionally few resources. Effectiveness and efficiency are related to the extent that one complements the other towards the achievement of the organisational goals.

### **2.5.7 Employee Performance Indicators and Measurement Techniques.**

Many things could be measured to determine the extent to which leadership behaviour impact on employee performance. Milkorwich and Bondream (1997) identify them under the broad headings of abilities, skills, traits behaviours and business results. Providing long-tem customer satisfaction, attaining higher quality production levels, achieving adequate job and business knowledge, leading effectively, being dependable and reliable, among others, are specific

attributes, which are measured to determine employee performance, which is relevant to the organisation's survival and success.

A number of approaches are employed to measure employee performance, these include the comparative approach, which uses ranking, forces distribution and paired comparison techniques to measure employee performance; the attribute approach which uses graphic rating scales and the mixed standard scales to measure employee performance, and then the behavioural approach which employs critical incidents behavioural observation scale and organisational behavioural modification techniques to measure employee performance (Noe et al (1996).

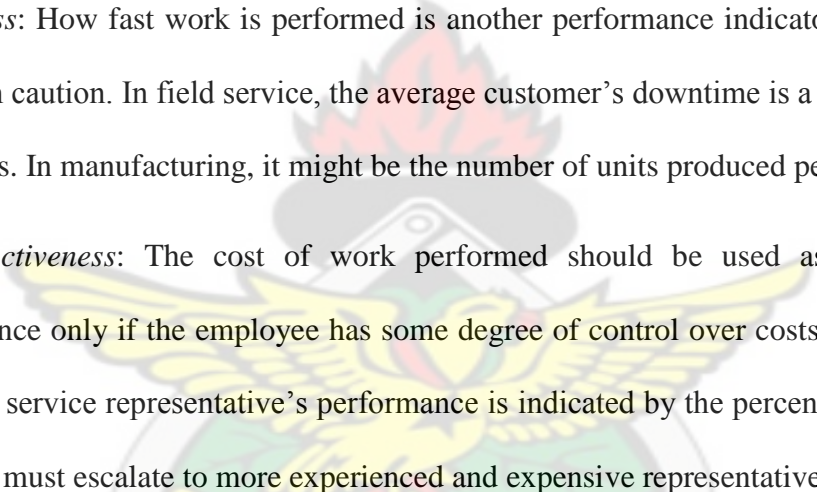
Various approaches adopted use a number of sources to acquire performance information to aid the measurement process. Some of these sources, as Noe et al (1996) indicated, include supervisors, subordinates, peers, self and customers. Deciding which source of performance information are the best depends on the job and organisation in question.

Effective managers need to be aware of the issues involved in determining the best method for the particular situation.

Performance appraisal has become a continuous process by which an employee's understanding of a company's goals and his or her progress toward contributing to them are measured.

According to Hakala (2008), Performance measurement is an ongoing activity for all managers and their subordinates. There are sixteen ways to measure employee performance and that the measurement uses indicators of performance, as well as assessments of those indicators.

Examples of the measurement and its indicators are as follows.

- 
- (i) *Quantity*: The number of units produced, processed or sold is a good objective indicator of performance. It is indicated that in assessing performance there should not be too much emphasis on quantity as to compromise quality.
- (ii) *Quality*: The quality of work performed can be measured by several means. The percentage of work output that must be redone or is rejected is one such indicator. In sales environment, the percentage of inquiries converted to sales is an indicator of salesmanship quality.
- (iii) *Timeliness*: How fast work is performed is another performance indicator that should be used with caution. In field service, the average customer's downtime is a goal indicator of timeliness. In manufacturing, it might be the number of units produced per hour.
- (iv) *Cost-Effectiveness*: The cost of work performed should be used as a measure of performance only if the employee has some degree of control over costs. For example, a customer service representative's performance is indicated by the percentage of calls that he or she must escalate to more experienced and expensive representatives.

Performance indicators must be accessed by some means in order to measure performance itself.

These may be accessed through

- (i) *Manager's Appraisal*: A manager appraises the employee's performance and delivers the appraisal to the employee. Manager appraisal is by nature top-down and does not encourage the employee's active participation. It is often met with resistance, because the employee has no investment in its development.

- (ii) *Peer Appraisal*: Employees in similar position appraise an employee's performance. This method is based on the assumption that co-workers are very familiar with an employee's performance. Peer appraisal has long been used successfully in manufacturing environments, where objectives criteria such as units produced prevail. Peer appraisals are often effective at focusing an employee's attention on undesirable behaviours and motivating change.
- (iii) *Management by Objectives (MBO)*: The employee's achievement of objectives or goals set in concert with his or her manager is assessed. The MBO process begins with action statements such as "reduce rejected parts to 5 percent". Ongoing monitoring and review of objectives keep the employee focused on achieving goals. At the annual review, progress towards objectives is assessed, and new goals are set.

Successful business management requires the ongoing monitoring of performance in order to generate data by which to judge the success or otherwise of specific strategies. Improvement in performance can only be realistically achieved when management is properly informed about current performance. To this end it is important to identify key performance indicators (KPIs) that will enable management to monitor progress.



## CHAPTER THREE

### RESEARCH METHODS

#### 3.1 Introduction

This chapter describes the research methodology used in the study. The hypotheses, research setting, population and sampling used will be presented. The instruments used for the data collection will be described in detail. Finally, this chapter highlights the ethical considerations that needed to be taken into account.

#### 3.2 Research Setting

Guinness Ghana Breweries Limited (GGBL) was used as the case study in this research. The organization is a multi-national beverage producing company, a subsidiary of Diageo Highlands BV, a company incorporated in Holland. The company produces, sells and deals in a portfolio of first choice premium brands in beer (Star and Gulder), stout (Guinness Foreign Extra Stout - FES), malt (Amstel Malta and Malta Guinness) and ready-to-drink (RTDs: Gordon Spark, Smirnoff Ice and Alvaro) categories.

##### 3.2.1 Background and Ownership

Originally incorporated in Ghana as a private company in August 1960 for the purpose of producing and selling Guinness Foreign Extra Stout, the company acquired a majority interest in Ghana Breweries Limited, a subsidiary of Heineken, on 30 November 2004 and subsequently changed its name from Guinness Ghana Limited to Guinness Ghana Breweries Limited. The vision of Guinness Ghana Breweries Limited is to be “Ghana’s Most Celebrated Business”. It seeks to make every adult Ghanaian an adorer of at least one of its brands. Being the most celebrated company means having first choice brands that provide great times and drinking

experiences for every occasion. It means building amazing relationships with employees and business partners that bring out the best. Finally, it means enriching communities in which it operates.

Currently, Diageo Plc owns majority shares of 51%, Heineken owns 20% and the Social Security and National Insurance Trust (SSNIT) with the investor public owning the rest. GGBL operates two production sites located at Kaasi, in Kumasi and at Achimota, in Accra.

*(Source: GGBL Annual Report and Financial Statements, 2008, P.7 and Appendix II)*

### **3.2.2 Vision and competition**

The vision of Guinness Ghana Breweries Limited is to be “Ghana’s Most Celebrated Business”. It seeks to make every adult Ghanaian an adorer of at least one of its brands. Being the most celebrated company means having first choice brands that provide great times and drinking experiences for every occasion. It means building amazing relationships with employees and business partners that bring out the best. Finally, it means enriching communities in which it operates.

Guinness Ghana Breweries Limited continues to create new and distinctive identity. With a strong volume growth, Guinness Ghana Breweries Limited sees the future as an opportunity to drive the business even further ahead of competition. GGBL owns 75% of the Ghana beer market. Its major competitor is Accra Brewery Limited, whose majority shareholder is SAB-Miller.

### **3.2.3 Management Structure**

The Executive Committee is in charge of the day-to-day management of GGBL. The Committee is made up of the Managing Director and the heads or directors of the seven functions in the business, namely, Human Resource, Marketing, Sales, Finance, Product Supply, Legal and, External Affairs. These functions have been categorized into Demand and Supply sides of the business. Whereas the Product Supply function alone constitutes the Supply side of the business, the rest make up the Demand side. GGBL has a total headcount of about 620 permanent staff, with the Product Supply function having the largest and constituting 70%. In addition to this number, the Company engages approximately 150 contract staff or temporaries in various functions, majority of them belonging to the Product Supply function. By way of distribution, Kaasi and Achimota have equal numbers of Product Supply (or production) staff, with Achimota as the site hosting, in addition, majority of staff in the Demand functions.

In GGBL, leadership development is a major consideration and has a major influence on the performance of employees. The research found out what leadership behaviours are exhibited at the two sites in this Company and the effect these have on employee performance.

### **3.3 Research Design**

The researcher used descriptive study to gather information and to discover whether there is any relation between the two variables (dependent and independent) used by the researcher.

### **3.4 Sampling Procedure**

Guinness Ghana Breweries Limited has a total population of 600 workforces for both the Achimota site and Kaasi sites respectively. The researcher obtained information from both sites. The procedure of purposive sampling was used to locate the respondent from the total workforce

in the organisation. This method was used in distributing the questionnaire to the respondents. The researcher selected 180 respondents through the purposive sampling.

### **3.4.1 Target population**

The entire permanent employee (both management and staff) of GGBL, working at both the Kaasi and Achimota sites, was set as the target population of this research. Contract staff was excluded, due to their short and unstable period of engagement.

### **3.4.2 Study population**

A total of 180 employees across the business were reached with the research questionnaire and interviewed.

### **3.4.3 Sample Selection**

The researcher used simple random sampling method in selecting the sample size. This method offered equal opportunity for each member of the population to be sampled. The essence of using this method was to avoid research bias.

### **3.5 Methods for Data Collection**

The study employed both qualitative and quantitative research approach. To identify the result of the study, primary and secondary sources of data collection were used. The leadership behaviours and employee performance were measured keeping in view the above-mentioned hypothetical model.

### **3.5.1 Primary data**

Primary data can be collected in a number of ways, such as observations, interviews, as well as questionnaires.

However, it was found out that the questionnaire technique was most appropriate to the research questions and objectives, because it can provide an efficient way of collecting responses from a large sample of prior to quantitative analysis.

### **3.5.2 Secondary data**

Supportive material and research works from text books, sources from the library, and international journals available online as a secondary source was used to support the findings of the current study.

### **3.5.3 Data collection tool/instrument**

To measure the outcome of the above-mentioned hypotheses a questionnaire as a primary source was designed. Questionnaires and interviews were based on how they experienced the leadership behaviours of their line managers and the effect these behaviours have had on their development and work performance. Therefore, the questionnaire consisted of set of questions which contained lists of items which described the specific kind of behaviour, but does not ask respondents to judge whether the behaviour is desirable or undesirable. The questionnaires also served to ensure consistency of questions respondents had to answer and accuracy of response to the questions asked. In all, there were a total of 34 questions and this was designed on Likert scale type from 1 to 5 such as strongly disagree, disagree, neutral, agree, and strongly agree.

#### **3.5.4 Administration of questionnaire**

A total of One hundred and eighty (180) questionnaires were circulated. The researcher personally administered the questionnaire and carried out the interviews.

#### **3.5.5 Response rate**

Respondents were given two weeks to complete the questionnaires. 180 were received, out of which 29 questionnaires were unfilled and 10 questionnaires were discarded due to missing data. Therefore, 141 questionnaires were considered for the study as respondents working in various functions within the organization.

#### **3.5.6 Field problems/limitations**

This study eliminates individual employees who have spent less than one year in GGBL. Most of the employees in this category were in training and not assigned to specific roles of responsibilities. A few of the questionnaires were returned uncompleted and some others got destroyed.

#### **3.6 Data handling/management**

A total of 180 questionnaires were circulated and 141 were received, out of which 29 questionnaires were unfilled and 10 questionnaires were discarded due to missing data. Therefore, 141 questionnaires were considered for the study as respondents working in various functions within the organization. No specific function is defined for the research as the study is aimed to find the influence of leadership development on employee performance. The researcher personally administered the questionnaire and carried out the interviews. Respondents were given two weeks to complete the questionnaires.

### 3.7 Ethical Considerations

General agreements among researchers need to be reached about ethical research considerations. This section briefly outlines some of these broadly agreed-upon norms in ethical research. In doing so, this section will explain the most important aspects of ethical research and how these aspects were operationalised and included in the current research study.

Brett Anthony Hayward (2005) acknowledged the problem of persuading participants to cooperate with the researcher in his research during data collection. Bless and Higson-Smith (2000) generally accepts the ethical rights of a participant to be: the right to privacy and voluntary participation; anonymity and confidentiality.

Participation in research often disrupts the subject's regular activities (Babbie and Mouton, 2001) and can possibly invade the person's privacy (Bless and Higson-Smith, 2000). Participation in research must be voluntary and participants must have the option to refuse to divulge certain information about them. Research often requires participants to reveal personal information that may be unknown to their friends and associates (Babbie and Mouton, 2001).

Many people are, however, prepared to divulge this information of a very private nature on condition that their names are not mentioned (Bless and Higson-Smith, 2000). The researcher cannot generalise the sample survey findings to an entire population unless a substantial majority of the selected sample actually participates (Babbie and Mouton, 2001). In terms of the present study, the relevant organization was very forthcoming with confidential information and assistance and it was agreed that the research data would be used solely for the purpose of the research, and should the researcher wish to publish the thesis, the organization would be consulted.

Agreement was reached with the organization's Human Resource Manager that no information would be made public without his prior consent, and after he had been provided with the opportunity to view the findings of this research.

One of the biggest concerns in research is the protection of the respondents' interests and well-being through the protection of their identity. If revealing their survey responses would injure them in any way, adherence to this norm becomes all the more important. A respondent may be considered anonymous when the researcher cannot identify a given response with a given respondent (Babbie and Mouton, 2001).

Generally, anonymity does not constitute a serious constraint on research, as most researchers are interested in group data rather than individual results. The consideration of anonymity can be easily overcome by omitting the names of the participants or identifying the respondents by a code instead of by name (Bless and Higson-Smith, 2000). In this research study it was not possible to ensure anonymity of the respondents, as the respondents' details were known to the researcher.

Another ethical consideration is that of confidentiality. The participants must be assured that the data will only be used for the stated purposes of the research and that no other person will have access to the research data (Bless and Higson-Smith, 2000).

Confidentiality can identify a given person's responses but essentially promises not to do so publicly. In an effort to ensure this, all names and addresses should not be written on the questionnaires but with identification numbers (Babbie and Mouton, 2001). All completed questionnaires were coded and names of respondents did not appear to ensure this.



## CHAPTER FOUR

### PRESENTATION ANALYSIS AND DISCUSSION OF RESULTS

#### 4.0 Background of Analysis

This chapter is devoted to the analysis of data gathered from the research. In all, one hundred and eighty questionnaires were distributed to respondents in the sample population. The total number of questionnaires received sound was one hundred and forty one, and these were considered for the study. The respondents were from various functions of GGBL (product supply, sales, marketing, human resource, finance) at the two sites of the organization, Kaasi and Achimota. The study is aimed to find the influence of leadership behaviour on employee performance.

A sample of the questionnaire in the form given to respondents is found in appendix 1. Each question in the questionnaire has the five optional answers:

i. Strongly disagree, ii. Disagree, iii. Neutral, iv. Agree, v. strongly agree

The various questions were categorized into democratic-centred, employee-centred or job-centred leadership style, depending on the direction of the question as found in appendix 2.

The data received from the respondents was analyzed with the help of statistical software program SPSS\_17. To test for the hypothesis, Pearson Coefficient correlation analysis was conducted to examine whether the hypothesis was accepted or rejected. The leadership behaviours (as the independent variables) impacts individually on employee performance (as the dependent variable). That is the leadership behaviour on employee performance. The findings are also linked to appropriate and related literature.

#### 4.1 The demographic and socio-economic characteristics of respondents

Characteristics of respondents, are outlined as managers of subordinates, location of site, sex, level of Education, primary function of respondents and, work experience.

##### 4.1.1 Managers of Subordinates

Table 4.1 shows that 27 of the respondents were managers of subordinates (also reporting to higher managers) representing 19.15% of the total, while 114 representing 80.85% are not managing subordinates. In other words, the total respondents were made up of 27 management staff and 114 subordinates. These 27 managers must have had some training or experience in management and gained some insight into how it feels to be managed and what it takes to exact results. This may impact their responses either way, depending on what question is being answered. On the other hand, majority, who are not managing, have the tendency to blame management for everything not going their way.

**Table 4.1.1 Managers of Subordinates**

| Managers | Frequency | Percentage |
|----------|-----------|------------|
| No       | 114       | 80.85      |
| Yes      | 27        | 19.15      |
| Total    | 141       | 100.00     |

Source: Field survey 2010

##### 4.1.2 Demographic distribution

Table 4.1 provides the distribution of the location of respondents to Achimota and Kaasi. From the table, 87 respondents, constituting 61.70% of the total, were from Achimota and 54 respondents constituting 38.30% were from Kaasi. Equal number of questionnaires was given to

the sites. Kaasi is mainly a production site with over 95% of staff belonging to the Product Supply function. Achimota has about 30% of the company staff belonging to the Demand side (HR, Sales, Marketing, and Finance) of the business. The shift system in the Product Supply function was a challenge to the collection of all questionnaires given.

**Table 4.1.2 Demographic distribution**

| Location of site | Frequency | Percentage |
|------------------|-----------|------------|
| Achimota         | 87        | 61.70      |
| Kaasi            | 54        | 38.30      |
| Total            | 141       | 100.00     |

Source: Field survey 2010

#### 4.1.3 Sex of respondents

Table 4.1 also describes sex of respondents. 102 of the total representing 72.34% were males and 39 representing 27.66% were females. This does not mean that the survey was targeted at males but that the activities at the production outfit (which constitutes 90% of the workforce) is labour intensive, requiring mainly technical and engineering skills, areas mainly dominated by males in Ghana. The females are mainly in the HR and Marketing functions.

**Table 4.1.3 Sex of respondents**

| Sex    | Frequency | Percent |
|--------|-----------|---------|
| Male   | 102       | 72.34   |
| Female | 39        | 27.66   |
| Total  | 141       | 100.00  |

Source: Field survey 2010

#### 4.1.4 Level of Education

Table 4.1 indicates the level of education of respondents. Most of the sample population representing 84.40% were respondents with polytechnic and secondary education, 22 representing 15.60% were respondents with university degrees, holding managerial roles. This means that the personnel in GGBL have a good level of educational background to enable them appreciate and have a good understanding of the questionnaire and also the objectives and goals of the business. Depending on the organisational culture, they are in a position to make their thoughts known to management on issues affecting them and the business. From the survey it was observed that the company employs a good number of polytechnic graduates due to the technical knowledge and skills required in the production or operations outfit, which is also the largest.

**Table 4.1.4 Level of Education**

| Level of Education | Frequency | Percent |
|--------------------|-----------|---------|
| Secondary          | 42        | 29.79   |
| Polytechnic        | 77        | 54.61   |
| University         | 22        | 15.60   |
| Total              | 141       | 100.00  |

Source: Field survey 2010

#### 4.1.5 Primary functions

Table 4.1 provides the distribution of the primary functions (departments). Being a manufacturing industry, majority of respondents, 86 in number and constituting 60.99% of the total, were from the product supply function (operations); 4 respondents were from human resource and 14 from marketing, representing 2.84% and 9.93% respectively; further 12

representing 8.51% were from finance, 22 representing 15.60% from sales and 3 respondents representing 2.13% were from external relations. The survey revealed that majority of the workforce in GGBL is involved in production or operational activities and hence belong to the Supply function.

**Table 4.1.5 Primary functions**

| Primary Function  | Frequency | Percent |
|-------------------|-----------|---------|
| External Relation | 3         | 2.13    |
| Finance           | 12        | 8.51    |
| Human Resource    | 4         | 2.84    |
| Sales             | 22        | 15.60   |
| Marketing         | 14        | 9.93    |
| Product Supply    | 86        | 60.99   |
| Total             | 141       | 100.00  |

Source: Field survey 2010

#### 4.1.6 Length of Service

Table 4.1 also provides the distribution of length of service. Most of the respondents, 47 in number and constituting 33.33%, have worked in GGBL for 5 – 9 years. 40 respondents, representing 28.37%, have worked for 3 – 4 years. 4 of them, representing 2.84% and 13 respondents, constituting 9.22% have worked for barely a year and between 1 to 2 years, respectively. In all 37 respondents indicated a service period of 10 or more years, representing 26.24%. From the survey, majority of staff have over 5 years of work experience. Staff are thus, expected to have worked long enough to understand and inculcate the business culture and values and hence, know the focus of management.

**Table 4.1.6 Length of Service**

| <b>Length of service</b> | <b>Frequency</b> | <b>Percent</b> |
|--------------------------|------------------|----------------|
| <1 year                  | 4                | 2.84           |
| 1 – 2 years              | 13               | 9.22           |
| 3 – 4 years              | 40               | 28.37          |
| 5 – 9 years              | 47               | 33.33          |
| > = 10 years             | 37               | 26.24          |
| Total                    | 141              | 100.00         |

Source: Field survey 2010

## **4.2 Pearson Correlation Coefficient**

Pearson correlation coefficient is used to find the strength of association between two variables. It always yields a value between  $-1 \leq r \leq 1$  inclusive. The value  $r = 1$  means that there is a perfect positive correlation while  $r = -1$  means that there is a perfect negative correlation. A value  $r$  near zero means no clear relationship exists between the two variables.

### **4.2.1 Correlation between Job Performance and Job-centred Style**

A management style or behavior is said to be job-centered where managers are more interested in the work to be done than in the people they work with and only motivate employees to give their best in order to increase production.

The Pearson correlation was performed to assess the association between the manager's style of leadership or exhibited behavior and the impact it has on the performance of employees. The responses to six key questions or statements from the questionnaire, considered very crucial to employee performance (listed in left column of Table 4.2), were matched against responses to four key questions from the questionnaire which were considered to be directly related to the

job-centred (or production-centred) style of leadership (listed in top row of Table 4.2). From the results, there is a positive correlation between these two categories. The strongest correlation exists between the performance-related statements, namely, “I believe there is fairness in the way my performance is assessed” and “I have opportunities to advance in my line of function”, on the one hand and, what are considered to be production-centred statements, namely, “People in my team are focused on delivering results” and “The leaders in my business inspire me to deliver the company objectives”.

It was found that the statement, “I believe there is fairness in the way my performance is assessed” strongly correlates with “The leaders in my business inspire me to deliver the company objectives” with a correlation value of 69.32%. “I receive regular job performance feedback” with “The leaders in my business inspire me to deliver the company objectives” had a correlation value of 61.24% which is very significant by the p – value. “I have opportunities to advance in my line of function” recorded 69.28% with “The leaders in my business inspire me to deliver the company objectives”.

It is observed that managers inspire employees to deliver company objectives and as long as they give performance feedback, fair assessment and create opportunities for career growth, employees focus so much on delivering results. The results show clear exhibition of job-centred behavior by GGBL managers in getting their employees deliver their tasks. The job-centred leaders, like the typical transactional leaders, are able to entice subordinates to perform and thereby achieve desired outcomes by promising those rewards and benefits for the accomplishment of tasks. They implement structure and are understanding towards their employees. This eventually leads to an increased production.

**Table 4.2 Correlation between Job Performance and Job-centred Style**

| <b>Job-performance</b> \ <b>Job-centred style of leadership</b>                         | I think that the decision-making process involves fewer people | My manager inspires me to give my best | People in my team are focused on delivering results | The leaders in my business inspire me to deliver |
|---|--|--|---|--|
| <b>I like my job, i.e. the work I do.</b>   | <b>30.21%</b>  | <b>20.62%</b>                          | <b>36.10%</b>                                       | <b>41.35%</b>                                    |
| p-value   | 0.001  | 0.014                                  | 0.001   | 0.001  |
| <b>I feel secure that I am able to work for the company as long as I do a good job.</b> | <b>24.5%</b>   | <b>1.8%</b>                            | <b>27.1%</b>  | <b>47.3%</b>                                     |
| p-value   | 0.004  | 0.83                                   | 0.001   | 0.001  |
| <b>I have an annual set of performance standards.</b>                                   | <b>15.7%</b>   | <b>0.96 %</b>                          | <b>29.6%</b>  | <b>38.5%</b>                                     |
| p-value   | 0.0659   | 0.9110                                 | 0.0004  | 0.001  |
| <b>I receive regular job performance feedback.</b>                                      | <b>37.7%</b>   | <b>26.0%</b>                           | <b>34.1%</b>  | <b>61.24%</b>                                    |
| p-value   | 0.001  | 0.0021                                 | 0.001   | 0.001  |
| <b>I have opportunities to advance in my line of function.</b>                          | <b>41.72%</b>  | <b>14.14%</b>                          | <b>42.16%</b>                                       | <b>69.28%</b>                                    |
| p-value   | 0.001  | 0.098                                  | 0.001   | 0.001  |
| <b>I believe there is fairness in the way my performance is assessed.</b>               | <b>42.11%</b>  | <b>27.73%</b>                          | <b>47.15%</b>                                       | <b>69.32%</b>                                    |
| p-value   | 0.001  | 0.001                                  | 0.001   | 0.0015   |

**\*The correlation coefficient was multiplied by 100% for easier interpretation.**

#### **4.2.2 Correlation between Job Performance and Employee-centred Style**

In Table 4.3, the responses to the six key questions or statements from the questionnaire, considered very crucial to employee performance were maintained in the left column, as in Table 4.2. This time, however, they were matched against responses to seven key questions from the questionnaire which were considered to be directly related to employee-centred (human-relation



oriented) style of leadership (listed in top row of Table 4.3). The employee-centred style of leadership places strong emphasis on the welfare and motivation of subordinates. Leaders, with this style are more sensitive to the needs and feelings of the employee. Also they are supportive to their subordinates, helpful to them and have concern for their well-being.

Table 4.3 represents the correlation matrix between employee-centred style and job performance. Majority of the relationship between the dependent and independent variables were positively and significantly correlated. However, the correlation is not strong enough to generalize that performance is as a result of employee-centred behaviour in practice due to the fact that all the strength of correlation are less than 50%. The most significantly correlated is the relationship between “I feel significant actions have been taken as a result of previous grievances.” and “There is fairness in my performance assessment” (42.12%, P-value<0.001). There were few relationships that are negatively correlated and occurred between “I have an annual set of performance” and “My Company acts with integrity in its internal dealings with employees” (-11.62%, P-value>0.17) and then, “I feel secure that I am able to work for the company as long as I do a good job.” and “My manager is considerate of my life outside work” (-11.52%, P-value>0.18), etc. This suggests GGBL managers may not be exhibiting enough employee-centred (human-relation oriented) behaviour and that is impacting negatively on employee-performance. They may probably be acting with stricken internal rules to achieve results. Considering the strength of correlation in the above table, there is clear suggestion that employee-centred style or behaviour is not profound in GGBL.

**Table 4.3: Correlation between Job Performance and Employee-centred Style**

| <b>Employee-centred style</b><br><b>Job Performance</b>                                 | In my team, people can be themselves regardless of their background | My company acts with integrity in its internal dealings with employees | People in my team are encouraged to come up with innovative solutions for customers/consumers | I feel significant actions have been taken as a result of previous grievances. | I believe my company's leadership acts on the issues/opportunity identified in the employee value survey | My manager is considerate of my life outside work | My manager trusts my judgment within my job |
|---|---|--|---|--|--|---|---|
| <b>I like my job, i.e. the work I do.</b>   | <b>0.56%</b>  | <b>28.26%</b>  | <b>26.93%</b>   | <b>17.53%</b>  | <b>23.36%</b>  | <b>1.19%</b>                                      | <b>12.24%</b>                               |
| P-value   | 0.9471  | 0.0007   | 0.0012  | 0.0376   | 0.0053   | 0.8883  | 0.1482                                      |
| <b>I feel secure that I am able to work for the company as long as I do a good job.</b> | <b>14.51%</b>   | <b>19.72%</b>  | <b>11.90%</b>   | <b>13.55%</b>  | <b>8.51%</b>   | <b>-11.52%</b>                                    | <b>7.31%</b>                                |
| p-value   | 0.0871  | 0.0195   | 0.1615  | 0.1105   | 0.3177   | 0.1755  | 0.3909                                      |
| <b>I have an annual set of performance standards.</b>                                   | <b>10.75%</b>   | <b>-11.62%</b>   | <b>17.35%</b>   | <b>6.35%</b>   | <b>3.73%</b>   | <b>-2.85%</b>                                     | <b>3.34%</b>                                |
| p-value   | 0.2095  | 0.1745   | 0.0419  | 0.4593   | 0.6645   | 0.7401  | 0.6973                                      |

**Table 4.3: Correlation between Job Performance and Employee-centred Style (continued)**

| Employee-centred style<br>Job Performance                                 | In my team, people can be themselves regardless of their background | My company acts with integrity in its internal dealings with employees | People in my team are encouraged to come up with innovative solutions for customers/consumers | I feel significant actions have been taken as a result of previous grievances. | I believe my company's leadership acts on the issues/opportunity identified in the employee value survey | My manager is considerate of my life outside work | My manager trusts my judgment within my job |
|---|---|--|---|--|--|---|---|
| <b>I receive regular job performance feedback.</b>                        | <b>7.60 %</b>   | <b>9.14%</b>   | <b>35.24%</b>   | <b>26.88%</b>  | <b>27.95%</b>  | <b>0.22%</b>                                      | <b>4.05%</b>                                |
| p-value   | 0.3759  | 0.2866   | 0.0000  | 0.0014   | 0.0009   | 0.9799  | 0.6371                                      |
| <b>I believe there is fairness in the way my performance is assessed.</b> | <b>1.08%</b>  | <b>20.65%</b>  | <b>41.15%</b>   | <b>42.12%</b>  | <b>40.67%</b>  | <b>17.45%</b>                                     | <b>-2.05%</b>                               |
| p-value   | 0.90  | 0.015  | 0.001   | 0.001  | 0.001  | 0.041   | 0.812                                       |
| <b>I have opportunities to advance in my line of function.</b>            | <b>4.67%</b>  | <b>24.04%</b>  | <b>36.96%</b>   | <b>32.42%</b>  | <b>41.52%</b>  | <b>2.79%</b>                                      | <b>13.43%</b>                               |
| p-value   | 0.587   | 0.005  | 0.001   | 0.0001   | 0.001  | 0.7456  | 0.1163                                      |

**\*The correlation coefficient was multiplied by 100% for easier interpretation.**

### 4.2.3 Correlation between Job Performance and Democratic Style

Table 4.4 represents the correlation matrix between job performance and democratic style of leadership. Again, the employee performance variables are maintained in the left column. They are correlated with statements/questions that are considered to reflect democratic style of leadership. A similar trend in results is observed as in table 4.3. There were few relationships that are negatively correlated and this occurred between “I have an annual set of performance standards” and “People in my team can challenge existing ways of doing things” (-2.67%, P-value=0.756), and then “I have an annual set of performance standards” and “There is good collaboration between my team and other teams in the business” (-3.07%, P-value =0.721). This suggests a decrease in employee-performance and that management may be acting with stricken internal rules to achieve results. Considering the strength of correlation in the above table, it clearly suggests that GGBL management style is not democratic-centred. Democratic leadership style is exhibited where the focus of power is more towards the group as a whole, and where there is greater interaction within the group. It is viewed as an important aspect of empowerment, teamwork and collaboration which could improve the lot of GGBL.

**Table 4.4: Correlation between Job Performance and Democratic Style**

| Democratic centred style<br>Job Performanc  | People in my team are resolving issues more quickly | My manager gives me regular feedback on my performance | There is good collaboration between my team and other teams in the business | People in my team can challenge existing ways of doing things | My manager values all the ideas and skills I bring to Diageo(GGBL) | People in my team are good at celebrating our success | My manager generally understands the problems I face in my job. |
|---|---|--|---|---|--|---|---|
| <b>I feel secure that I am able to work for the company as long as I do a good job.</b> | <b>14.38%</b>                                       | <b>33.46%</b>  | <b>14.82%</b>   | <b>11.88%</b>   | <b>6.39%</b>   | <b>33.95%</b>   | <b>27.98%</b>   |
| p-value   | 0.09  | 0.001  | 0.081   | 0.162   | 0.453  | 0.001   | 0.001   |
| <b>I have an annual set of performance standards.</b>                                   | <b>12.80%</b>                                       | <b>28.46%</b>  | <b>-3.07%</b>   | <b>-2.67%</b>   | <b>-9.75%</b>  | <b>19.17%</b>   | <b>8.70%</b>  |
| p-value   | 0.135   | 0.001  | 0.721   | 0.756   | 0.255  | 0.024   | 0.31  |
| <b>I receive regular job performance feedback.</b>                                      | <b>42.20%</b>                                       | <b>53.52%</b>  | <b>20.59%</b>   | <b>-3.11%</b>   | <b>7.13%</b>   | <b>34.38%</b>   | <b>32.27%</b>   |
| p-value   | 0.001   | 0.001  | 0.015   | 0.717   | 0.406  | 0.001   | 0.001   |

**Table 4.4: Correlation between Job Performance and Democratic Style (continued)**

| <b>Democratic centred style</b><br><b>Job Performance</b>                 | People in my team are resolving issues more quickly | My manager gives me regular feedback on my performance | There is good collaboration between my team and other teams in the business | People in my team can challenge existing ways of doing things | My manager values all the ideas and skills I bring to Diageo(GGBL) | People in my team are good at celebrating our success | My manager generally understands the problems I face in my job. |
|---|---|--|---|---|--|---|---|
| <b>I like my job, i.e. the work I do.</b>                                 | <b>44.14%</b>                                       | <b>44.75%</b>  | <b>26.08%</b>   | <b>4.32%</b>  | <b>24.79%</b>  | <b>34.42%</b>   | <b>28.01%</b>   |
| p-value   | 0.001   | 0.001  | 0.0018  | 0.6114  | 0.0030   | 0.001   | 0.001   |
| <b>I believe there is fairness in the way my performance is assessed.</b> | <b>34.00%</b>                                       | <b>52.64%</b>  | <b>29.25%</b>   | <b>1.80%</b>  | <b>13.94%</b>  | <b>54.21%</b>   | <b>45.57%</b>   |
| p-value   | 0.001   | 0.001  | 0.0005  | 0.8344  | 0.1030   | 0.001   | 0.001   |
| <b>I have opportunities to advance in my line of function.</b>            | <b>29.96%</b>                                       | <b>52.98%</b>  | <b>11.66%</b>   | <b>10.59%</b>   | <b>20.26%</b>  | <b>45.83%</b>   | <b>33.46%</b>   |
| P-value   | 0.001   | 0.001  | 0.1731  | 0.216   | 0.017  | 0.001   | 0.001   |

**\*The correlation coefficient was multiple by 100% for easier interpretation.**

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter captured the findings from the data and the framework used for the analysis and presents conclusions drawn from the analysis. Recommendations are also given based on the findings.

#### 5.1 Findings

The main objective of this study was to identify the specific leadership behaviours exhibited by managers in GGBL in enhancing employee performance and to examine how these specific behaviours affected the performance of the employees. From the supported material and results of the study it was observed that there is a significant relationship or link between leadership behaviour and employee performance. This study found that a job-centred style or behaviour was exhibited by leaders or managers of Guinness Ghana Breweries Limited and that this style had positive effect on employee performance. What this means is that managers are very particular about getting results and only motivate employees to give their best in order to increase productivity. However, it is also observed that there is very little or minimal employee-centred style of leadership exhibited and this negatively impacts performance. This probably suggests that management act with strict internal rules to achieve results and the fact that the practice in GGBL is also not democratic-centred style corroborates this.

The leadership practice in GGBL seems to march the description given by Bass and Avolio, 2000 or Mester, et al., 2003 about the transactional leader who focus their energies on task completion and compliance and rely on organisational rewards and punishments to influence

employee performance, with reward being contingent on the followers carrying out the roles and assignments as defined by the leader. In fact, defining and communicating the work that must be done by their followers, how it will be done, and assisting the followers in understanding precisely what needs to be achieved in order to meet the organisation's objectives as is typical of a transactional leader can only bring in marginal returns and will not survive a competitive business environment.

## **5.2 Conclusions.**

To ensure the organisation's survival and performance, employees of GGBL need to be motivated to go beyond ordinary expectations by appealing to their higher order needs and moral values. This requires transformational leadership. Hughes, Ginnett and Curphy (1994) believe that transformational leaders also have the ability to align people and the systems so there is integrity throughout the organisation. Again, sharing decision-making with the subordinates generates empowerment and breeds ownership. Exercising reasonable level of democratic leadership style provides a sense of belonging to employees and makes them ready to defend the business objectives and goals. Even though he or she invites contributions from the subordinates before making a decision, the leader retains the final authority to make decisions (consultative).

It is also recommended that, regular performance feedback should be encouraged across all levels of the organisation since from the analysis it shows that it has one of the strongest significant measures for the overall job performance.



As exhibited leadership behaviours have direct impact on productivity, this study can be further enhanced to explore what constitutes the right balance in leadership behaviours required to exact expected performance delivery from employees.

### **Limitation of the study**

Due to constraints of time, materials and financial resource, the study was confined to only Guinness Ghana Breweries Limited. To mitigate the impact of these limitations, the researcher will exercise the greatest amount of care and vigilance in conducting the study.

### **5.3 Recommendations**

Finally concluding the whole research conducted it is found that leadership behaviour has direct relationship with employee output and that depending on the style exhibited by the leader in an organisation, productivity is either enhanced or stalled . Whereas tasks are important for the day-to-day survival of the organisation, developing people and teams are important for the long-range performance of the organisation. Thus, it should be extremely important for GGBL to balance its management style to equally reflect much interest in people in its pursuit to enhance employee performance and have competitive advantage. It is extremely important to balance the ability to get things done (tasks) with keeping the team together (people).

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## APPENDIX 1

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY – KUMASI**

**INSTITUTE OF DISTANCE LEARNING**

**COMMONWEALTH EXECUTIVE MPA PROGRAMME**

**THE RELATIVE EFFECT OF LEADERSHIP BEHAVIOURS ON EMPLOYEE**

**PERFORMANCE IN GUINNESS GHANA BREWERIES LIMITED**

### QUESTIONNAIRE DESIGNED FOR EMPLOYEES

Dear Respondent,

This questionnaire is designed to assist the researcher to make an objective assessment of the impact that leadership behaviour has on employee performance, using Guinness Ghana Breweries Limited as a case study. The exercise is basically academic and your answers would be treated with the utmost confidentiality they deserve. Your maximum co-operation is highly anticipated. Please tick (✓) the response applicable to you.

Thank you in advance for your co-operation.

Please express your views by ticking the box appropriate to your response. There are no right or wrong answers – your opinion based on your personal experience is what is needed.

Please provide information concerning yourself and your position in Diageo (GGBL).

#### Background Information

1. In which location do you work?

a. Achimota  b. Kaasi

2. What is your primary functional area of responsibility?

01. External Relations  02. Finance  03. Human Resources

04. Legal  05. Sales  06. Marketing  Product Supply



3. Are you a manager with subordinates?

a. Yes  b. No

4. Sex:

a. Male  b. Female

5. How long have you worked for Diageo (GGBL)?

a. Less than 1 year  b. 1 year to less than 3 years   
c. 3 years to less than 5 years  d. 5 years to less than 10 years   
e. 10 years or more

6. What level of formal Education have you obtained?

a. Basic Education  b. Secondary  c. Polytechnic   
d. University  e. Other tertiary

7. My manager values all the ideas and skills I bring to the company (GGBL).

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

8. People in my team are good at celebrating our successes.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

9. My manager generally understands the problems I face in my job.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

10. My manager shows a genuine interest in me as a person.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

11. How satisfied are you with your freedom to get on with your job?

Strongly Dissatisfied  Dissatisfied  Neutral  Satisfied  Strongly Satisfied

12. Compared to a year ago, I think that the decision-making process involves fewer people.

Strongly Disagree  Disagree  Neutral  Agree  Strongly Agree

13. In my team, people can be themselves regardless of their ethnic background, sex, or style.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

14. My company acts with integrity in its internal dealings with employees.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

15. People in my team are encouraged to come up with innovative solutions for customers/Consumers.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

16. I feel significant actions have been taken as a result of previous grievances.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

17. I believe my company's leadership acts on the issues/opportunities identified in employee value surveys.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

18. Compared to a year ago, I think people in my team are resolving issues more quickly.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

19. My manager is considerate of my life outside work.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

20. I have stretching objectives agreed with my manager.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

21. My manager trusts my judgement within my job.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

22. My manager inspires me to give my best.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

23. My manager gives me regular feedback on my performance.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

24. There is good collaboration between my team and other teams in the business.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

25. People in my team are focused on delivering results.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

26. The leaders in my business inspire me to deliver the company objectives.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

27. People in my team can challenge existing ways of doing things.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

28. My personal performance contributions are valued and recognised.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

**Employee performance**

29. I like my job, i.e. the work I do.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

30. I feel secure that I am able to work for the company as long as I do a good job.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

31. I have an annual set of performance standards.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

32. I receive regular job performance feedback.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

33. I believe there is fairness in the way my performance is assessed.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           

34. I have opportunities to advance in my line of function.

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree  
           



## APPENDIX 2

| CLASSIFIED<br>MANAGERIAL<br>BEHAVIOUR | QUESTIONS  |   |   |  |  |   |  |
|---------------------------------------|--|---|---|--|--|---|--|
| EMPLOYEE<br>CENTRED                   | People can be themselves regardless of their background        | Acts with integrity in its internal dealings with employees               | Encouraged to come up with innovative solutions for customers/employees | I feel significant actions have been taken as a result of previous grievances. | Acts on the issues/opportunity identified in the survey          | My manager is considerate of my life outside work | My manager trusts my judgment within my job          |
| JOB CENTRED                           | I think that the decision-making process involves fewer people | My manager inspires me to give my best                                    | People in my team are focused on delivering results                     | The leaders in my business inspire me to deliver                               |  |   |  |
| DEMOCRATIC<br>CENTRED                 | People in my team are resolving issues more quickly            | Manager gives me regular feedback on my performance                       | Good collaboration between my team and other teams in the business      | Team challenge existing ways of doing things                                   | Manager values all the ideas and skills I bring to Diageo (GGBL) | My team are good at celebrating our success       | Generally understands the problems I face in my job. |
| EMPLOYEE<br>PERFORMANCE               | I like my job, i.e. the work I do.                             | I feel secure that I am able to work for the company once I do a good job | I have opportunities to advance in my line of function                  | Fairness in performance assessment   | I receive regular job performance feedback                       | I have an annual set of performance standards.    |  |