



**ST.MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF LEADERSHIP PRACTICE ON  
ORGANIZATIONAL PERFORMANCE: THE CASE OF LIFE IN  
ABUNDANCE ORGANIZATION HEAD QUARTER.**

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PERFORMANCE:  
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## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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# TABLE OF CONTENTS

<b>Contents</b>	<b>Page</b>
<b>Table of contents</b> .....	<b>i</b>
<b>Acknowledgements</b> .....	<b>iv</b>
<b>List of abbreviations and acronyms</b> .....	<b>v</b>
<b>List of Tables</b> .....	<b>vi</b>
<b>Abstract</b> .....	<b>vii</b>
<b>Key Words</b> .....	<b>viii</b>
<b>CHAPTER ONE: INTRODUCTION</b>	
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	2
1.3. Research Questions.....	3
1.4. Objectives of the Study.....	4
1.5. Operational Definition.....	4
1.6. Significance of the Study.....	5
1.7. Delimitation/Scope of the Study.....	6
1.8. Organization of the Study.....	6
1.9. Ethical Consideration.....	6
<b>CHAPTER TWO: REVIEW OF RELATED LITERATURE</b>	
<b>2.1 The Nature of Leadership</b> .....	<b>9</b>
2.1.1 A personal Attribute.....	9
2.1.2 A set of Behaviors.....	9
2.1.3 A group Characteristic.....	9
<b>2.2. Leadership Theories</b> .....	<b>10</b>
2.2.1. Great Man" Theory.....	10

2.2.2 Situational Theory.....	10
2.2.3 Practical Theory.....	11
2.2.4 Participative Theory.....	11
<b>2.3 Styles of Leadership.....</b>	<b>12</b>
2.3.1. Transactional Leadership.....	12
2.3.2. Transformational Leadership.....	12
2.3.3. Autocratic Leadership.....	13
2.3.4. Bureaucratic Leadership.....	13
2.3.5. Charismatic Leadership .....	13
2.3.6 Democratic Leadership or Participative Leadership.....	14
2.3.7. Laissez-faire Leadership.....	14
<b>2.4. Determinants of Leadership Practices.....</b>	<b>15</b>
2.4.1. Leadership and Communication.....	15
2.4.2 Leadership and Motivation.....	16
2.4.3. Leadership and Working Environment.....	16
2.4.4. Leadership and Decision making.....	17
<b>2.5. Leadership Practice and Performance.....</b>	<b>18</b>
<b>2.6. Theoretical Framework.....</b>	<b>21</b>
 <b>CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY</b>	
3.1. Research Design.....	22
3.2. Population and Sampling Techniques.....	23
3.3. Types of Data and Tools/Instruments of Data Collection.....	23
3.4. Procedures of Data Collection.....	24
3.5. Methods of Data Analysis.....	24
3.6. Validity and Reliability.....	25

## **CHAPTER FOUR: DATA PRESENTATION, ANALYSIS & INTERPRIETATION**

4.1. General Characteristics of the Respondents.....	27
4.1.1 Background Information of Respondents.....	27
4.2. Analysis of Data Pertaining to the Study.....	29
4.2.1 Analysis of Quantitative Data.....	29
4.2.2 Analysis of Qualitative Data.....	36

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

5.1. Summary of Findings.....	43
5.2. Conclusions.....	44
5.3. Limitations of the Study.....	45
5.4. Recommendations.....	46
5.5. Future Research Proposed.....	46
References.....	47
Appendices.....	49
Appendix 1.....	51
Appendix 2.....	52

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## **LIST OF ABBREVIATION AND ACRONYMS**

- LIA: Life In Abundance organization
- HRM: Human Resource Management
- HRD: Human Resource Development
- NGOs: Non-Governmental Organizations

## LIST OF TABLES

Table 1: Gender, Age, Education and Experience status.....	28
Table 2: Motivation to Accomplish the Task.....	30
Table 3: The Flow of Communication.....	31
Table 4: Standard Procedures.....	32
Table 5: Settlements of Conflicts.....	33
Table 6: Conducive Working Environment.....	34
Table 7: Rewards for Performances.....	35

## **ABSTRACT**

*The major objective of this study was to determine the leadership practice and organizational performance in Life in Abundance Organization. The research also described the performance of the organization. The leadership theories and different leadership practice and styles were discussed in the literature. This study used descriptive research method. And to analyze the data collected for the study both qualitative and quantitative research methods were used. Survey questionnaire was distributed to non management staff and structured interview was conducted with the management team of Life in Abundance Organization. Out of a total number of 46 employees in the organization, 29 respondents completed and returned the survey questionnaires'. And five of the management team members were involved in the structured interview sessions arranged. The result was driven from the finding which showed that the organization performance is good but not to the required level due to lack of suitable employees' motivation mechanism, sound communication system, conducive working environment and performance reward mechanism. Accordingly, it was concluded that in order to increase the level of organizational performance of LIA, it was necessary that leadership recognizes the needs of the workers, employ appropriate motivational tool such as reward, recognition, training and promotion of staff based on merit and skills, provide suitable working environment and provide an appropriate leadership approach that will encourage free flow of information among management team, supervisor and other employees.*

**Key words:** Leadership Practice, Organizational Performance, management, employee.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1.BACKGROUND OF THE STUDY**

Assuming “the essence of leadership is influence” (B. van Knippenberg, 2005), leadership could broadly be defined as “the art of mobilizing others to want to struggle for shared aspirations” (Kouzes & Posner, 1995). However, it could be argued this “influence, mobilization and struggle” is of little value in an organizational context unless it ultimately yields an outcome in line with the “shared aspiration” for leadership to be deemed successful. Peter Drucker (quoted in Ulrich, Zenger & Smallwood, 1999) captures this notion by simply stating: “Leadership is all about results”.

Creating results in today’s ever changing and increasingly competitive world requires a very different kind of leadership practice from what was studied in the past. While leaders in the past managed perhaps complex organizations, this was in a world of relative stability and predictability. In today’s globalized world, with organizations coping with rapidly changing environments, leaders face a new reality. Working in flexible contexts and connected by real-time electronic communication, increasingly mobile employees have themselves become the critical resource of their organizations (Graetz, 2000; Hillestad, 2000; Reger, 2001). What is now needed are leaders who simultaneously can be agents of change and centers of gravity (Shamir, 1999; Revang, 2000), keep internal focus and enable people and organization to adapt and be successful, while at the same time never letting go of the customer focus and external perspective (Alimo Metcalfe, 1998; Furnham, 2002).

However, the findings of prior studies about leadership practice and organizational performance are mixed. Some studies (e.g. Finkelstein & Hambrick, 1996; Katz & Kahn, 1978; Peterson, Smith, Martorana & Owens 2003) suggest that the leadership practice is

critically important for an organization to achieve a high level of performance. However, some other studies (e.g. Pfeffer 1977: Meindl, Ehrlich & Dukerich 1985) suggest that role of leadership practice is not so important in achieving the organizational performance.

Therefore, these contradictory findings about the leadership practice and organizational performance suggested especially by, (Wang Tsuil and Xin 2011) that there is more need to study leadership practice and organizational performance because of the limited and contradictory results from previous studies. Therefore, the motivation of the present study is to investigate leadership practice and organizational performance the case of Life In Abundance (LIA).

Life In Abundance (LIA) is a local nonprofit making development NGO, established in June 2000, with the overall goal of assisting the neediest community particularly women and children through integrated and community based health care Projects. Street children project, primary health care projects, and community empowerment are entry points of intervention.

LIA has a vision aspiring to see all needy and disadvantaged communities especially women and children of Ethiopia achieve life in its abundance where economical, social, health, moral and psychological aspects are addressed in holistic fashion and become self-reliant. It is also striving for a mission of mobilizing, equipping and training of community based organizations and other stakeholders on holistic development interventions to address the most felt need of the community (LIA 2007 Annual 2007 Report). To achieve its vision and mission, the organization requires to maintain appropriate leadership practices, from this consideration, this study is intended to evaluate the current leadership practice and organizational performance the case of Life In Abundance (LIA) Organization.

## **1.2. STATEMENT OF THE PROBLEM**

Fenwick and Gayle (2008), in their study of the missing links in understanding the relationship between leadership and organizational performance conclude that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret. From the view, it is evident that although some scholars believe that leadership enhance organizational performance while other contradict this idea, different concept of leadership have been employed in different studies, making direct comparisons virtually impossible. Gap and unanswered questions remain in relation to the leadership practice and organizational performance. Consequently, the limited or inconclusive character of research findings in the area suggests the need to investigate further the nature of the relationship between leadership and performance. This study was a step in this direction.

Realizing the significance of effective leadership practice, some source have suggested that the ‘target organization’ has to promote improving staff engagement in wider organization issues through participation, motivation and develop staff development policy by creating positive working climate (LIA 2008).

As it is mentioned above, there are no satisfactory achievements in the ‘target organization’. There was no leadership commitment and transparency in the ‘target organization’. As a result, the leadership system has no sound communication at each level. Most of the time, the activities, directives, information and decision result down from top to middle and lower management levels. As a result, the performance of workers has been low because of less awareness of their duties. Moreover, the employees’ lack initiation, commitment and motivation toward accomplishing the organization goals.

Therefore, effective leadership practice is the most important determinant to increase employee commitment and organizational performance. Effective leadership practice accelerates the effectiveness and efficiency of organizations. The committed workforce is an important success factor for organizations to achieve their desire goals. The employees' commitment, organizational performance and productivity should definitely increase if they are treated with good leadership practice.

Therefore understanding the leadership practice and organization performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving a firm's performance.

### **1.3 RESEARCH QUESTIONS**

This study seeks answer to the following basic research question:

1. To what extent are employees motivated to exert their utmost effort to accomplish their duties and responsibilities?
2. How is flow of communication practiced in the organization?
3. To what extent is leadership practice related to organizational performance?
4. How is participatory decision making practiced in the organization?
5. What does the relationship between management bodies and employees in the organization look like?

### **1.4 OBJECTIVES OF THE STUDY**

This study investigated leadership practice and organizational performance the Life In Abundance Organization. The general objective of the study was to examine the leadership practice and organization performance. Specifically, the objectives of the study are:

1. To determine how employees motivation is practiced in the organization;
2. To identify the flow of communication in the organization;

3. To examine the influence of leadership practice on organizational performance;
4. To identify how participatory decisions are made in the organization; and
5. To identify the relationship between management bodies and employees in the organization.

### **1.5. OPERATIONAL DEFINITION**

- **Leadership:** it has been defined in terms of traits, practices, influences, interaction pattern, directing the activities of the group toward a shared goal, the ability to bring change through more adaptive, articulating vision, values and creating the environment for employees that can accomplish effectively.
- **Employee:** this refers to the person being hired (supplier of labor).
- **Management:** this can be defined as an act of controlling and directing people so as to coordinate and harmonize the group thereby accomplishing goal(s) within and beyond the capacity of people being directed.
- **Organizational performance:** comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

### **1.6 SIGNIFICANCE OF THE STUDY**

The study focused on the most important and sensitive part of management, that is, leadership practice and organizational performance. Leadership is becoming very significant concept in today's business management.

Based on the findings of the study, the researcher tried to propose internal reform and betterment which will help LIA to utilize its resources to the best of its capacity and stand in a better position.

Further, this study will be kept as a resource of document in the target organization and every member will read and cross check what kind of leadership has been practiced in the



organization. Based on this, it will help to serve as a reference to conduct further study for better leadership practice.

### **1.7 DELIMITATION/SCOPE OF THE STUDY**

This study focused on the office of the organization located in Addis Ababa. Because of transportation, time and economic constraints, the study could not include Adama and Jimma projects. Thus, all management and non-management staff who are working at Mekanissa Headquarter, Kirekos project site and Arada project site workers are included.

The study used only survey questionnaire and interview checklist to collect data relevant to the study, because of limitation of capacity and time shortage. The researcher could not use other data collection methods such as, observation, group discussion, etc.

### **1.8 . ORGANIZATION OF THE RESEARCH REPORT**

The research report consists of five chapters. Chapter one is the introduction, chapter two deals with the review of related literature, chapter three discusses the research design and methodology, chapter four comprises data presentation and analysis, while chapter five, which is the closing chapter is devoted to summary of findings, conclusions and recommendations.

### **1.9 ETHICAL CONSIDERATION**

An official support letter from St.Mary's University was written to respective management bodies of LIA to get their consent. Data collection was undertaken after permission was obtained from the administration of LIA.

Each respondent was asked for verbal consent before being asked for any information. Objective of the study was explained for every participant and they were asked to give information only after they gave their consent. No person was obliged to participate to

the study without his/her consent. The information provided by each respondent is kept confidential. Study subjects were informed that they are fully authorized to withdraw from the study at any time of their involvement. Interview with the study subjects was made in a way to maintain their privacy.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

In a turbulent environment in which organizations compete for greater performance and increased profits, leadership is the proverbial ‘magic’ component which encompasses all strategies. The leadership of an organization needs not only to be successful today but also be successful for the future in order for an organization to stay in control and to prosper. Organizations need strong leadership for optimal effectiveness. In the dynamic world of business, leaders are needed to challenge the status-quo, to create vision of the future and to inspire organizational.

For the purpose of this study, it is important that the concepts ‘leadership practice’ and ‘organizational performance’ are well understood. Leadership is generally defined “... as the social process of influencing people to work voluntarily, enthusiastically and persistently towards a purposeful team or organizational goal”. Leadership is one of the great intangibles of the business world. Effective performance is dependent on effective leadership. Charlton (2003) defines effective leadership as “...the ability to enable people to create and sustain extraordinary performance to the short and long term benefit of themselves, the Organization and the shareholders”.

Leadership performance can be discussed in terms of efficiency and effectiveness, where efficiency means ‘doing things right’ and effectiveness means ‘doing the right things’. Efficiency is a concept based on the physical and engineering sciences and concerns the relationship between ‘input’ and ‘outputs’. Effectiveness is the degree to which the goals of an organization are met.

## 2.1.THE NATURE OF LEADERSHIP

Leadership has been scrutinized from the perspective of so many different fields of endeavor while leadership theory and research into the subject provide a plethora of definitions of the concept. The following servers as examples: Berry & Houston (1993) define leadership as:

- **A personal attribute:** The personal attribute can be described as a personality trait and as a personal characteristic that relates to social power and influence.
- **A set of behavior:** As a set of practice, leadership has been defined as playing the prescribed role, as providing group structure and integrity, and as motivating the group toward its goal.
- **A group characteristic:** As a group characteristic, leadership has been portrayed as the focus of the group's action, and instrument of the group's goal achievement, and an effect resulting from the group's interaction.

Charlton (2003) defines leadership as, "...the competencies and processes required to enable and empower ordinary people to do extraordinary things in the face of adversity, and constantly turn in superior performance to the benefit of themselves and the organization". The challenge of leadership faces every person in every role and in every society. An organization's ability to survive is directly dependent on the growing of leaders and this in turn is dependent on meeting the requirement of 'putting the humanity back into organizations'. It has been forecasted that an organization's ability, skill and commitment to enable, empower and liberate human resources will be the only source of competitive advantage in the future. In essence, according to Charlton (2003) the leadership challenge is about, "... putting humanity back into organizations". Charlton (2003) further explain leadership as, "... the competencies and processes required to

enable ordinary people to consistently perform and introduce fundamental change to the benefit of themselves and the organization/country”.

Covey (2004) describes that, “... leadership is a choice, built inside out on a foundation of character. Great leaders unleash the collective talent and passion of people towards the right goal”.

## **2.2 LEADERSHIP THEORIES**

### **2.2.1. "Great Man" Theory:**

Great Man theory assumes that the capacity for leadership is inherent – that great leaders are born not made. This theory often portrays great leaders as heroic, mythic and destined to rise to leadership when needed. The term "Great Man" was used because, at the time, leadership was thought of primarily as a male quality, especially in terms of military leadership (Charles R.Melton, 1940).

### **2.2.2 Situational Theory:**

Situational theory defines that leaders choose the best course of action based upon situational variables. Different styles of leadership may be more appropriate for certain types of decision-making. One of the relatively lesser known leadership theory is the situational leadership theory. The researchers found that leaders emerged as a result of different situations. Therefore, the researchers assumed that leadership qualities were developed depending on the situation (Charles R.Melton, 1940).

However, there are people who believe that there are different styles of leadership which changes the situation. There are three basic things in a situational leadership; the foremost thing is that the relationship between the followers and the leader must be healthy. The followers must like the leader and support him/her in his goals. The second thing is that the task which is to be accomplished must be known, and the leader should set the goals

as per the task to be done. Along with the tasks to be accomplished, the methods and standards to accomplish the task must also be specified in details, as this will make an impact on the followers. The third thing that is important is that the organization must confer the responsibilities of the task upon the leader, as this will strengthen the position of the leader (Charles R.Melton, 1940).

### **2.2.3 Practical Theory:**

After the trait theory, the researchers started exploring the practice of the leaders and made assumptions that the traits and the leadership qualities are not inherited; they can be learned and mastered by any person. Thus, this theory meant that leaders are not born, leaders can be made and so it became a famous management leadership theory and practice.

In the practice theory, you need to assess a successful leader along with the actions of that particular leader. As a successful leader is assessed, a leader with failure is also assessed; therefore, a second aspect of this theory was built. Apart from the leadership theories and styles, the basic leadership ideas remained the same. Practical theories of leadership are based upon the belief that great leaders are made, not born. Rooted in practices, this leadership theory focuses on the actions of leaders not on mental qualities or internal states. According to this theory, people can learn to become leaders through teaching and observation (Charles R.Melton, 1940).

### **2.2.4. Participative Theory:**

Participative leadership theory suggests that the ideal leadership style is one that takes the input of others into account. These leaders encourage participation and contributions from group members and help group members feel more relevant and committed to the decision-making process. In participative theories, however, the leader retains the right to allow the input of others.

## **2.3 STYLES OF LEADERSHIP**

### **2.3.1. Transactional leadership**

This style of leadership starts with the idea that team members agree to obey their leader totally when they accept a job. The “transaction” is usually the organization paying the team members in return for their effort and compliance. The leader has a right to “punish” team members if their work does not meet the pre-determined standard. Team members can do little to improve their job satisfaction under transactional leadership.

The leader could give team members some control of their income/reward by using incentives that encourage even higher standards or greater productivity. Alternatively, a transactional leader could practice management by exception rather than rewarding better work, the leader could take corrective action if the required standards are not met. Transactional leadership is really a type of management, not a true leadership style, because the focus is on short-term tasks. It has serious limitations for knowledge-based or creative work: however it can be effective in other situations Covey (2004).

### **2.3.2 Transformational leadership**

This leadership style is true leaders who inspire their teams constantly with a shared vision of the future. While this leader’s enthusiasm is often passed on to team, he or she can need to be supported by others. That is in many organizations, both transactional and transformational leadership are needed. The transactional leaders or managers ensure that routine work is done reliably, while the transformational leaders look after initiatives that add new value: Robert Greenleaf in the (1970s).The leadership theories and styles discussed so far fit within formal theoretical frameworks. Mans’ more terms are used to describe leadership styles. It is worth understanding the following popular leadership styles.

### **2.3.3. Autocratic leadership**

Autocratic leadership is an extreme form of transactional leadership, where leaders have absolute power over their workers or team. Staff and team members have little opportunity to make suggestions, even if these would be in the team's or the organization's best interest. Most people tend to resent being treated like this. Therefore, autocratic leadership often leads to high levels of absenteeism and staff turnover.

However, for some routine and unskilled jobs, the style can remain effective because the advantages of control may outweigh the disadvantages. Autocratic leaders make decisions without consulting their teams. This is considered appropriate when decisions genuinely need to be taken quickly, when there is no need for input, and when team agreement is not necessary for a successful outcome <http://www.mindtools.com/newLDR84.htm>, accessed on 26/02/2011.

### **2.3.4. Bureaucratic leadership:**

Bureaucratic leaders work rule and regulation. They follow rules rigorously, and ensure that their staff follows procedures precisely. This is a very appropriate style for work involving serious safety risks such as working with machinery, with toxic substances, or at dangerous heights or where large sums of money are involved such as handling cash Robert Greenleaf in the (1970s).

### **2.3.5. Charismatic leadership**

A charismatic leadership style looks like transformational leadership, because these leaders inspire lots of enthusiasm in their teams and are very energetic in driving others forward.

However, charismatic leaders can tend to believe more in themselves than in their teams, and this creates a risk that a project, or even an entire organization, might collapse if the



leader leaves. In the eyes of the followers, success is directly connected to the presence of the charismatic leader. As such, charismatic leadership carries great responsibility, and it needs a long-term commitment from the leader Robert Greenleaf in the (1970s).

### **2.3.6 Democratic leadership or participative leadership**

Although democratic leaders make the final decisions, they invite other members of the team to contribute to the decision-making process. This does not only increase job satisfaction by involving team members, but also helps to develop people's skills. Team members feel in control of their own destiny, so they are motivated to work hard more than just a financial reward because participation takes time, this approach can take longer, but often the end result is better. The approach can be most suitable when working as a team is essential, and when quality is more important than speed to market, or productivity.

Democratic leaders allow the team to provide input before making a decision, although the degree of input can vary from leader to leader. This type of style is important when team agreement matters, but it can be quite difficult to manage when there are lots of different perspectives and ideas [http://www.mindtools.com/newLDR\\_84.htm](http://www.mindtools.com/newLDR_84.htm), accessed on 26/02/2011.

### **2.3.7. Laissez-faire leadership**

It is used to describe leaders who leave their team members to work on their own. It can be effective if the leader monitors what is being achieved and communicates this back to the team regularly. Most often, laissez-faire leadership is effective when individual team members are very experienced and skilled self-starters. Unfortunately, this type of leadership can also occur when managers do not apply sufficient control. Laissez-faire leaders do not interfere; they allow people within the team to make many of the decisions. This works well when the team is highly capable and motivated, and when it

does not need close monitoring or supervision. However, this style can arise because the leader is lazy or distracted and, here, this approach can fail (<http://www.mindtools.com/newLDR 84.htm>, accessed on 26/02/2011).

## **2.4. DETERMINANTS OF LEADERSHIP PRACTICE**

According to James A.F. Stoner (1983), there are basic elements to classify leadership styles (practice matters of leaders) on the relationship between leaders' action and the reaction of subordinates emotionally and practically. The leaders' actions are discussed as follows.

### **2.4.1. Leadership and Communication**

Leadership communication is the controlled, purposeful transfer of meaning by which leaders influence a single person, a group, an organization, or a community. Leadership communication uses the full range of communication skills and resources to overcome interferences and to create and deliver messages that guide, direct, motivate, or inspire others to action. Leadership communication consists of layered, expanding skills from core strategy development and effective writing and speaking to the use of these skills in more complex organizational situations.

As the manager's perspective and control expand, he or she will need to improve the core communication skills to become effective in the larger, more complex organizational situations. Leadership communication consists of three primary rings (1) core, (2) managerial, and (3) corporate. The higher up in an organization a manager moves, the more complex his or her communication demands become. The core communication ability represented in the center of the framework below expands to the managerial communication ring and then further to the communication capabilities included at the broader corporate communication ring ([www.emeraldinsight.com](http://www.emeraldinsight.com), accessed on 26/02/2011).

### **2.4.2 Leadership and Motivation**

In the present context, motivation represents “those psychological processes that cause arousal, direction, and persistence of voluntary actions that are goal oriented. Managers need to understand these psychological processes if they are to successfully guide employees toward accomplishing organizational objectives. Motivation is an internal force that energizes practice, gives direction to practice, and underlies the tendency to persist.

This definition of motivation recognizes that in order to achieve goals, individuals must be sufficiently stimulated and energetic, must have a clear focus or end in mind, and must be willing and able to commit their energy for a long enough period of time to realize their aim. Since the leading function of management involves influencing others to work toward organizational goals, motivation is an important aspect of leaders function.

Source: Deborah J. Barrett, (2006) Strong communication skills. [www.emeraldinsight.com](http://www.emeraldinsight.com).

### **Motivation Vs Satisfaction**

Motivation refers to the drive and effort to satisfy a want or a goal. Satisfaction refers to the contentment experienced when a want is satisfied. In other ‘words, motivation implies a drive toward an outcome, and satisfaction is the outcome already experienced. Source: Deborah J. Barrett, (2006) Strong communication skills. [www.emeraldinsight.com](http://www.emeraldinsight.com).

### **2.4.3. Leadership and working Environment**

The need to provide a safe work environment for employees is a key element in human resource management for successful achievements of organizational goal.

In Beer et al. (1994), model of human resource management, it is acknowledged that work systems cannot only affect commitment, competence, cost effectiveness and

congruence but also have long term consequence for workers' well being, and there is some evidence to indicate that work systems designs may have effects on physical health, mental health and longevity of life itself. Conducive work environment ensures the wellbeing of employees which invariably will enable them exert themselves to their roles with all vigor that max' translate to higher productivity.

#### **2.4.4. Leadership and Decision making**

Decision quality refers to the objective aspect of decision that affects group performance aside from any effects mediated by decision acceptance. The quality of a decision is high when the best alternative is selected. For example, an efficient work procedure is selected instead of less efficient alternatives, or a challenging performance goal. Decision quality is important 'hen there is a great deal of variability among alternatives and a decision has important consequences for group performance. If the available alternatives are approximately equal in consequences, or if the decision has no important consequences for group performance, then the quality of the decision is not important. Example of tax decisions that are usually important include determination of goals and priorities, assignment of tasks to subordinates who differ in skills, determination of work procedures for complex tasks, and determination of ways to solve technical problems (Gary Yukl, 20 10).

#### **2.5. LEADERSHIP PRACTICE AND PERFORMANCE.**

Leadership is one with the most dynamic effects during individual and organizational interaction. In other words, ability of management to execute "collaborated effort" depends on leadership capability. Lee and Chuang (2009), explain that the excellent leader not only inspires subordinate's potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals. Stogdill (1957), defined leadership as the individual practice to guide a group to achieve the common target. Fry

(2003) explains leadership as use of leading strategy to offer inspiring motive and to enhance the staff's potential for growth and development.

Several reasons indicate that there should be a relationship between leadership practice and organizational performance. The first is that today's intensive and dynamic markets feature innovation-based competition, price/performance rivalry, decreasing returns, and the creative destruction of existing competencies (Santora et al., 1999; Venkataraman, 1997). Studies have suggested that effective leadership practices can facilitate the improvement of performance when organizations face these new challenges (McGrath and MacMillan, 2000).

On the other hand, organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 1993). Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

Understanding the leadership practice and organizational performance is also important because leadership is viewed by some researchers as one of the key driving forces for improving organization's performance. Effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance improvement (Avolio, 1999; Lado, Boyd and Wright, 1992; Rowe, 2001).

For instance, transactional leadership helps organizations achieve their current objectives more efficiently by linking job performance to valued rewards and by ensuring that

employees have the resources needed to get the job done (Zhu, Chew and Spengler, 2005). Visionary leaders create a strategic vision of some future state, communicate that vision through framing and use of metaphor, model the vision by acting consistently, and build commitment towards the vision (Avolio, 1999; McShane and Von Glinow, 2000). Some scholars like Zhu et al. (2005), suggest that visionary leadership will result in high levels of cohesion, commitment, trust, motivation, and hence performance in the new organizational environments.

Mehra, Smith, Dixon and Robertson (2006) argue that when some organizations seek efficient ways to enable them to outperform others, a longstanding approach is to focus on the effects of leadership. Team leaders are believed to play a pivotal role in shaping collective norms, helping teams cope with their environments, and coordinating collective action. This leader-centered perspective has provided valuable insights into the relationship between leadership and team performance (Guzzo and Dickson, 1996).

Some studies have explored the strategic role of leadership to investigate how to employ leadership paradigms and use leadership practice to improve organizational performance (Keller, 2006; McGrath and MacMillan, 2000). This is because intangible assets such as leadership styles, culture, skill and competence, and motivation are seen increasingly as key sources of strength in those firms that can combine people and processes and organizational performance (Purcell et al., 2004).

Previous studies led the expectation that leadership paradigms will have direct effects on customer satisfaction, staff satisfaction, and financial performance. In general, however, the effects of leadership on organizational performance have not been well studied, according to House and Aditya's review (1997), who criticizes leadership studies for focusing excessively on superior-subordinate relationships to the exclusion of several other functions that leaders perform, and to the exclusion of organizational and

environmental variables that are crucial to mediate the leadership-performance relationship.

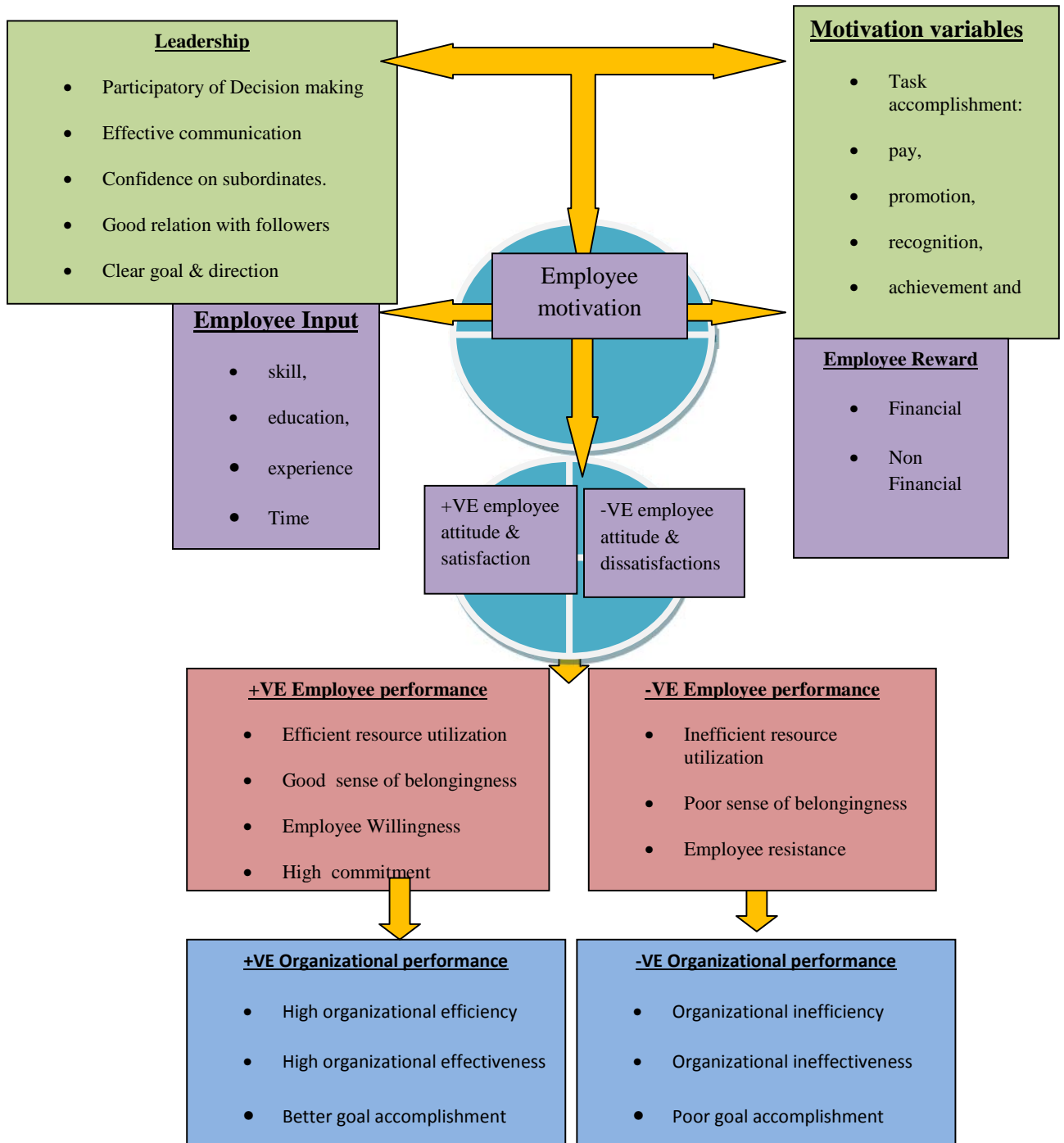
Another problem with existing studies on leadership is that the results depend on the level of analysis. House and Aditya (1997), distinguished between micro-level research that focuses on the leader in relation to the subordinates and immediate superiors, and macro-level research that focuses on the total organization and its environment. Other scholars have also suggested that leaders and their leadership style influence both their subordinates and organizational outcomes (Tarabishy, Solomon, Fernald, and Sashkin, 2005).

Fenwick and Gayle (2008), in their study of the missing links in understanding the relationship between leadership and organizational performance conclude that despite a hypothesized leadership-performance relationship suggested by some researchers, current findings are inconclusive and difficult to interpret.

From this review of related literature, it is evident that although some scholars believe that leadership enhances organizational performance while others contradict this, different concepts of leadership have been employed in different studies, making direct comparisons virtually impossible. Gaps and unanswered questions remain. Consequently, the current study is intended to re-examine the proposed leadership practice and organizational performance and, thus, contribute meaningfully to the body of growing literature and knowledge in this area of study. Therefore to do the research successfully this research will use the following model.

## 2.6. THEORETICAL FRAMEWORK

Based on the review of related literatures, the researcher has developed this to ascertain the leadership practice and organizational performance.





## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

This chapter of the study describes the design of the research, population and sampling techniques used, instrument of data collection, procedure followed in order to collect the data and the methods used to analyze the data collected.

### **3.1 RESEARCH DESIGN**

A research design is the overall plan of deciding on how to address the research questions in the process of looking for the research finding (Saunders, Lewis, and Thornill, 2009). It answers a question on how to collect data and do the analysis relevant to the research topic.

The research is descriptive research type. It identifies and describes the leadership practice and organizational performance. A research design and methodology indicate the method to be followed in designing a research project in the process of gathering required information for the study (Tayie, 2005). In the designing of the research questionnaire and structured interview questions for the data collection of the study, the reviewed literature relevant to the topic of the study was used as a backbone.

To achieve the objectives stated and enable the research to answer the research questions as explicitly as possible, the multiple research method is selected as the best means to identify leadership practice and organizational performance of LIA. Accordingly, this paper predominantly depends on primary and secondary data. Thus, the research reviewed and analyzed various literatures for the specified type of research and expands the required knowledge base.

### **3.2 POPULATION AND SAMPLING TECHNIQUES**

This study focused only on the offices and projects of the organization situated in Addis Ababa, for the sake of convenience. In this study all management and non-management staffs who are working at Mekanissa Headquarter, Kirekos Zewi clinic project and Arada Street children project workers are involved. The study did not include Adama and Jimma projects, because of transportation, time limit and economic constraints.

The population of the study includes 5 management and 46 non-management staff members, which count for 51. Since their number is manageable all were involved in the study. Thus, census was used as a sampling technique because the number of the target population is manageable. An interview was conducted with five management teams and from, 46 employees who working at LIA, only 29 responded to the survey questionnaires distributed. Out of 29 respondents, 20 were male and 9 were female.

### **3.3.SOURCE OF DATA AND INSTRUMENT OF DATA COLLECTION**

To collect data relevant for the study, primary and secondary data sources were used. Primary data is the data which is collected by the researcher for the specific research purpose. Primary data usually helps to get first hand information from the respondents. Thus, the required primary data were collected through the distribution of self completed questionnaire and the arrangement of interview session questionnaire were distributed to the management staff and interview checklist was developed to collect relevant data from the management staff.

Secondary data is said to be the existing data which is used by a researcher rather than by collecting new information. Accordingly, the required data was collected from relevant books, journals, report and others documents available in the organization that can supplement the information obtained from the primary sources.

Obviously, amalgamation of primary data and secondary data collected is believed to enable the study incorporate a wide range of relevant information to support the validity of the generalizations and conclusions of the study.

### **3.4 PROCEDURES OF DATA COLLECTION**

The procedure mentioned below were applied to contact, get cooperation for distributing the questionnaire and collect data from the employees of LIA.

The researcher submitted the cooperation letter which was written from St. Mary's University to the administration of the organization. The researcher discussed with the officials by briefing the purpose and benefit of the study for getting their cooperation.

After getting the permission, the researcher distributed the questionnaires to employees at their work places with consent. A week period of time was given to respondents in order to have adequate time to fill the questionnaires data has been also gathered through document analysis. Moreover, structured interview was conducted with top level management team members. Accordingly, data were collected and organized by the researcher.

### **3.5 METHODS OF DATA ANALYSIS**

This research has used both quantitative and qualitative data analysis methods.

The qualitative method has been used because it makes it possible to answer to the questions of why, how and in what way. It is also applied because interview was conducted with the top management bodies and it is appropriate to analyze data obtained through interviews which cannot be analyzed quantitatively. On the other hand, quantitative approach was used to analyze the data collected from the sample non-management staff through the distribution of questionnaire.

The reason to use both data analysis approaches is to answer the research questions using quantitative and qualitative analysis. This will depict an accurate profile of demographic information, situations and casual relationship and enable to explain dependant variable that is leadership practice. Accordingly, this method is believed to give better trusted research findings.

The data has two parts. The first part shows the respondents' background and the second on the determinants of leadership practice and organizational performance.

The researcher has organized the respondents' profiles in the areas of their sex, age educational status and work experiences in LIA. The respondents' profiles are tabulated in the form of numbers and percentages. The data are analyzed and interpreted according to LIA situation in relation to the leadership practice and organizational performance.

### **3.6 VALIDITY AND RELIABILITY**

Reducing the possibility of getting the answer wrong is possible by evaluating the reliability and validity of data gathering instruments employed in the study.

**3.6.1. Validity:** means ability of the research method to find accurate reality. If the research is said to be valid then it really means that what was intended to be measured has been measured accurately. Validity is quite important if the researcher is doing in-depth studies on individuals, small groups or situations. If the researcher knows that his research is valid then he can be confident on the findings that really show some uniqueness in the issue being studied. If the researcher lacks validity then it means that there was lack of truth in the findings (Churton&Brown 2010 Earl Babbie 1989).

The validity data gathering instrument is confirmed by the ability and willingness of the respondents to provide the information requested. In order to make the questionnaire

valid, relevant and objective to the problem, it was tested on available respondents and based on the issues which were not properly clear by the respondents were corrected and refined. And also to assure validity of the instrument the researcher has given a chance for professionals on the area to review the questionnaire and finally it was validated by the advisor with some adjustment.

**3.6.2. Reliability:** means to measure consistency in producing similar results on different but comparable occasions. If research is said to be reliable that means if it is replicated, similar or identical results will be shown. If researchers know that their research is reliable then there is less risk of their taking a chance pattern or trend exhibited by their sample and using it to make assumptions about the population as whole (Churton & Brown 2010).

The reliability of the research is also said to have been proven if the researcher pre-tests the questionnaire. The researcher found the research to be reliable because, first, in order to make the research more reliable the empirical study is combined with theoretical study and the interview and questionnaires were closely related to the research question. Secondly, in this research questionnaire was sent to the supervisor to check the reliability before the final work is ready to be sent to the respondents. The reason for the pre-test is to check that the information is appropriate for the research or not. Finally the advisor reviewed the interview and the questionnaires. This meant that the researcher got the benefits of getting expert's opinions. Hence, the research is said to be reliable.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRIETATION**

This chapter comprises two main parts. In part one, the general characteristics of the respondents was analyzed. In part two, data pertaining to the study are analyzed and interpreted. The details follow

#### **4.1. CHARACTERISTICS OF THE RESPONDENTS**

Two groups of respondents which are management team members and non-management employees were approached from LIA organization to fill two categories of methods were prepared for the study purpose. A total of 46 survey questionnaire copies were distributed to employees, where 29 (63.5%) were filled out and returned. In addition to the questionnaires, to raise the quality of data, structured interviews were conducted with five management members. Based on the data collected, the general characteristics of the respondents of the study are analyzed as follows.

##### **4.1.1 BACKGROUND INFORMATION OF RESPONDENTS**

This section of the study deals with the background information of respondents. It includes the respondents' age, sex, educational status, and years of service.

**Table 1: Background information of respondents**

No	Items	FQ	%
1	Sex of respondents		
	A. Male	20	69
	B. Female	9	31
2	Age of respondents		
	A. below 20 years	-	-
	B. 21-30 years	8	27.5
	C. 31-40 years	13	45
	D. 41-50 years	8	27.5
	E. 51 years and above	-	-
3	Educational level		
	A. Below Grade 12	8	27.5
	B. College diploma	2	7
	C. BA/BSC	16	55
	D. MA/MSc and above	1	4
	E. Doctorate & PHD	2	7
4	Yours of service		
	1-3	16	55
	4-6	6	21
	7-10	7	24

Source: Own Survey

Note: N= Number of respondents; %= Percentage (other Tables follow the same explanation)

As shown in the above table, 69% of the respondents are men whereas 31% are women. From this it can be concluded that the organization is male dominated with insignificant involvement of women. Such a gender discrepancy might have a negative impact on the overall development or success of the organization since the possible contribution of women is a missed element.

And also as it is shown in the above table, 55% of the respondents are first-degree holders, which imply that the majority of respondents are directly or indirectly principal actors in the organization either as management bodies or staff members. Thus, it will be imperative to critically investigate whether or not they have used their relatively higher educational attainments for the success of the organization.

As shown in the table above, 55% of the respondents have three or less years of service in the organization. This may potentially constrain them from understanding the philosophies or cultures and strategic directions of the organization. According to Gary Yukl (2010) organizational cultures are sound communications, conducive working environments, organization values and mission that the employees can commonly share to achieve the entire organizational goals with having good relationship. Due to this, some extra years may be required for the well adaptation of the cultures of the organization and to develop different systems for effective accomplishments.

## **4.2. ANALYSIS OF DATA PERTAINING TO THE STUDY**

### **4.2.1. ANALYSIS OF QANTITATIVE DATA**

In this chapter analysis of the survey questionnaire is dealt with. The results are examined by tables and supported by text. The details are presented in the upcoming section.



**Table 2: Employees motivation towards accomplishing the task**

Are you motivated towards accomplishing the task?		
	Frequency	%)
Yes	9	38
Sometimes	15	52
No	5	10
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

There are nine respondents out of Twenty-nine who said that they are well motivated towards accomplishing the task. Fifteen of the respondents said there is motivation sometimes whereas five said that there is no motivation at all.

The management team also believes that the organization does not apply such motivational factors like reward, encouragement, training, staff development, compensation and recognition.

This means that the employees are not highly motivated towards accomplishing their tasks in the organization and it may affect the health of relationship between the leadership and employees as well as the achievements. Also as a result of this, the organization may miss the main handling system of human resources and it may affect their efficiencies. This is shown in the Table, 2.

**Table 3: Flow of communication in the organization**

Do you have freedom of action?		
	Frequency	%)
Yes	20	69
Some how	9	31
No		
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

Communication is a powerful and often-underutilized workplace tool. It's key to building manager-employee trust and coaching for performance. Effective communication also increases employees' engagement with their jobs and the business. After all, an engaged and happy employee is more productive and performs better than one who is not.

In order to find out the flow of communication in LIA, the employees were asked whether the organization has clear communication system or not. 69% of the employees and management team affirmed that the organization has communication channels between leadership and workers whereas 31% of employees responded in some way the organization have clear communication channels.

As it was assessed from the documents, the organization has formal sound communication channel in written or other forms that can be available and understandable for employees.

This result indicates that the communication systems are designed and subordinates and lower level employees participate to provide timely information, the leadership also able

to get valid and reliable information. As a result of this, the top-level management decision will be fruitful because of sound communication.

**Table 4: Encouragement of employees to use standard procedure**

Are you encouraged to use the standard procedures?		
	Frequency	%)
Always	11	38
Rarely	15	52
Never	3	10
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

There are eleven respondents stated that they are always encouraged to use the standard procedures and fifteen respondents replied that they are rarely encouraged to use the standard procedures. 10% of the respondents replied never to this question. This means that the organization encourage the use of standard procedures which is good. This is shown in Table, 4.

**Table 5: Employees satisfaction with settlements of conflict**

Are you satisfied with the settlements of conflicts?		
	Frequency	%)
Always	10	34.5
Sometimes	14	48
Never	5	17.5
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

There are ten respondents out of Twenty-nine who said that they are satisfied with the settlements of conflicts in the organization. Fourteen respondents replied that sometimes and there was five who was not satisfied with settlements of conflicts in the organization. This shows that most of employees are not satisfied with the organization settlements of conflict which may affect the organization negatively. This is shown in Table, 5.

For any organization to be effective and efficient in achieving its goals, the employees in the organization need to have a shared vision of what they are striving to achieve, as well as clear objectives for each team/department and individual. The organization needs ways of recognizing and resolving conflict amongst people, so that conflict does not become so serious that co-operation is impossible. All members of the organization needs to have ways of keeping conflict to a minimum - and of solving problems caused by conflict, before conflict becomes a major obstacle to your work.

Conflict management is the process of planning to avoid conflict where possible and organizing to resolve conflict where it does happen, as rapidly and smoothly as possible.

**Table 6: Respondents view on the availability of conducive working environment**

Is there conducive working environment?		
	Frequency	%)
Yes	18	62
No	11	38
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

The majority of (62%) of the employees asserted that there is conducive working environment whereas 38% of the respondents said there is no conducive working environment. And all management bodies claimed that there is a conducive working environment in LIA. Therefore, it is vitally important to verify/triangulate these

responses against the responses of the management team and those of few employees judge whether it is questionable or not, because Work environments have become more complex and sophisticated.

The researcher tried to crosscheck through management interview and survey questionnaire, and come up with the conclusion that the leadership of LIA had worked all its best to create conducive working environment.

Therefore, the finding indicates that LIA organization has favorable working atmosphere. This is shown in Table, 6.

**Table 7: Respondents view on getting reward for performance**

Do you get reward for performances?		
	Frequency	%)
Always		
Seldom	8	28
Never	21	72
<b>Total</b>	<b>29</b>	<b>100</b>

Source: Own Survey

None out Twenty-nine respondents said that they got rewards for the performance. 8 said that they seldom got rewards. Twenty-one of them said that they do not get rewards at all as shown in Table, 7.

According to Luthans (2000), there are two basic types of rewards, financial and non-financial and both can be utilized positively to enhance performance practices of employees. Financial rewards means pay-for performance such as performance bonus,

job promotion, commission, tips, gratuities and gifts etc. Non financial rewards are non monetary/non cash and it is a social recognition such as acknowledgement, certificate, and genuine appreciation etc. The non financial rewards is also called materials award (Neckermann and Kosfeld, 2008).

The findings showed that rewards are not given to employees in relation to performance. As a result employees tend to express their displeasure through poor performance and non-commitment to their job. Further, when rewards were not made contingent upon performance will result on employees' low morale, lack of commitment and low productivity.

Therefore, it is imperative for the organization to consider the needs and feelings of its work force, because rewards motivate workers to increase their job performances.

#### **4.2.2 ANALYSIS OF QUALITATIVE DATA**

Structured interview with the Management team of Life In Abundance (LIA) organization was conducted. Accordingly as it is described in the literature chapter, there are basic elements to categorize leadership practice on the relationship between leaders' actions and reactions with subordinate both emotionally and practically which has direct effect on organization performance. These elements such as: motivation, communication, conducive working environment, and leaders' relationship with employees, participatory decision making and organization performance. Therefore, this structured interview was analyzed according to these elements/dimensions.

##### **4.2.2.1. Employee's motivation part**

Motivation is a key instrument for a leader that initiates employees in order to have good performance; individuals must be sufficiently stimulated and energized in order to make them willing to be committed. Due to this, they supply their energy for a long period of

time to achieve the entire goal of the organization. When we say motivation, it is to give satisfaction and make employees powerful. Then the employees will be motivated to use their full potential and to be devoted to achieve goals of the organization. This has been described as: 'Performance=Ability x Motivation x Working environment' (V.S.P.R.AO and P.S.NARAYANA). The following describes the view of the management team of LIA on the availability of employees' motivation.

The management team claimed that motivation of employees is considered to some extent, for example the organization applies yearly salary increment and salary adjustments to employees' when the cost of living is high nationally. However, the management team did not deny that the organization has limitation of employees' motivation and inspiration.

In addition, the management team stated that has written motivation schemes in its personnel manual and policies. And also the leadership believes that motivation is fundamental and understood it is the felt need of employees and it may affect the performance of the organization. Yet the management team believes that the organization does not apply such motivational factors like reward, encouragement, training, staff development, compensation and recognition. Further, the management team reasoned out that the organization could not apply motivational factors due to financial constraints.

Also motivation is an important element to utilize the employees' potential and it may affect the health of relationship between the leadership and employees as well as the achievements.

As Horn Gren et al. (2007) indicated motivation is a force towards the achievement of goals.

The finding implies that motivation is not yet notice by employees. Thus, it needs improvement and management action to exercise in a noticeable or visible way.

#### **4.2.2.2. Flow of Communication in the organization**

According to Deborah J. Barrett (2006), communication is one of the leaders' actions that can influence followers with very good skills, intelligence, managing human and non-human resources and relation to achieve the entire goals of the organization. The leaders' roles include listening, coaching, monitoring, keeping relation and considering the culture of others to be effective and efficient in whatever situational communication.

In order to find out the flow of communication in LIA, the management team were interviewed whether the organization has clear communication system or not. The management bodies reported that LIA organization has clear flow of communication between leadership and employees.

This shows that the leadership of LIA practicing one of the elements of leadership practice, line of communication. From this perspective, the top-level management may not manipulate the communication for their personal interest because there is clearly stated system of communication.

This result indicates that the flow of communication systems are designed, subordinates and lower level employees participate to provide timely information, the leadership is able to give out valid and reliable information. As a result of this, the top-level management decision will be fruitful because of sound communication.

#### **4.2.2.3. Working environment in the organization**

According to Khanyisa (2012), conducive working environment is defined from the perspectives of physical and psychological aspects. The physical aspect includes site of



office, availability of resources like office equipment and utilities, healthy situation, structure of chain of commandments (hierarchy) and other necessary materials at each level of position in the organization. The psychological aspect includes good communication, relationship, promotion, acknowledgement, respecting employees' beliefs, values and culture, positive attitude and work security. Employees should get valid, reliable and time bounded information, facilities, relationship and other aspects for being effective and efficient in their performance. Therefore, conducive work environment should be seen as in physical, social, economic, psychological and good relationship with leaders and staffs beyond paying salary.

The management team was asked a question about on the availability of the conducive working environment in LIA. The management team strongly believes the working environment is comfortable for the employees so that they do not feel any discomfort during work which affects the results. And the management team said that they are democrat and give freedom of work in the way the employees think is best for them to achieve targets and the management team highly encourages their employees to take their own pace of change. In addition, the management team stated they treat employees with respect, make the employees feel part of family, encourage employees and involve them in decision making and we provide secure and healthy work environment. Even, sometimes, the leadership also tolerates when the staff commits intolerable mistakes. However the finding implies that the LIA leadership may share democratic and Laissez-faire leadership style in these cases.

#### **4.2.2.4. The relationship between the employees and the management team in the organization**

Leadership can be defined as a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007). However, good leaders must understand that positive relationships with all organizational stakeholders are the gold

standard for all organizational efforts. Good quality relationships built on respect and trust are the most important determinants of organizational success.

Leadership quality does matter especially when you have a team of employees who have positive relationship with management team, only then they can benefit the organization.

A good leader never lets his subordinates down. He helps him/her in every way possible.

A good leader solves the subordinate's issues as soon as possible.

A good leader must have an excellent approach towards his subordinate. His subordinates must be comfortable with him while working.

With the help of these qualities a leader will be able to achieve his team targets and it will benefit the organization at the end.

When the interview question was asked about the relationship between the employees and the management team on which the management stated that:

“Relations have always been good with our employees, not too strict neither too lenient. We have some activities which strength our relationship with employees such as staff devotion, staff launch and staff retreat; and during staff retreatment we arrange tournaments for our employee which is quiet fun way to refresh them.”

“Games like these built team spirit which helps them to motivate themselves when they have targets to achieve.”

This shows that the organization leaders have done their best to keep their relation smooth with the employees through limited financial resource.

This practice of leadership used in LIA basically describes a democratic leadership style which is discussed in literature chapter.

#### **4.2.2.5. The availability of participatory decision making in LIA**

According to Yukl (2010), the quality of decision depends on participation, i.e. distribution of relevant information and problem solving expertise between leaders and subordinates. Decision can be better when subordinates participate in providing valid and relevant information and problem solving expertise between leaders and subordinates. Decision can be better when subordinates participate in providing willing to be cooperative to share the task and responsibilities of the leaders, the leadership will be effective and efficient to make decisions in every situation. Besides, the staff will have sense of belongingness and ownership for the organization.

In order to measure the level of staff involvement in decision making in LIA, the management team was asked in relation to participatory decision making.

Management teams asserted that there is participatory decision making in LIA. Moreover, the management team said that annual planning, budget allocation and decisions are made with participation of employees. This indicates that there may not be a gap of participatory decision making.

Therefore, when the researcher examine the management interviews, his own observation and looking at the documents that show the decisions are made with the consultation of staff and other stakeholders once the issue is directly hooked up with the department. The researcher has observed that the leadership is practicing one of the elements of good leadership practice (participatory decision making). It implies that the leadership may share participatory leadership style in this regard.

#### **4.2.2.6. Performance of the organization so far?**

Today, many people are seeking to understand and are writing about the concept and practices of leadership. The reason is that this popular topic is relevant to any aspect of ensuring effectiveness in organizations and in managing change.

The question was asked about the performance of LIA in a short and long period of time on which half of the management team responded the performance of LIA is low comparing with its age. And a considerable proportion of the management team also revealed that the performance of the organization is high. In general, the findings confirm that the overall performances and achievements of the organization were good but not satisfactory.

Some of the management team expressed the factors that affecting the Performances of LIA as follow. The unsatisfactory performance of the organization is mainly attributed to such factors as negligence of some leaders to accomplish their duties, lack of skilled professionals and inconsistency of financial sources. And also, they express that consistence intensive training has not given to employees and to the leadership. In addition, they claim that there are no appropriate motivations and acknowledgements and conducting organizational evaluation in more participatory approaches.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

This chapter indicates summary of findings, conclusion and recommendation. Accordingly the analysis of the findings, answers to the research questions, conclusion and recommendation in order to improve LIA leadership practice and organizational performance.

#### **5.1 SUMMARY OF FINDINGS**

The main aim of the research is the leadership practice and organizational performance. The case organization in the study was Life In Abundance Organization. An interview with five management team of LIA was conducted. The survey questionnaire was distributed for 46 employees. Out of 46 employees, 29 of them responded to the survey. Out of 29 respondents 20 are male and 9 female.

The major findings of the study are presented here under.

- There is a positive significant relationship between leadership practice and organizational performance.
- The findings confirmed that the employees are not motivated towards accomplishing the goal and task due to the organization's poor motivation system. The management team also accepted that they do not offer different motivational factors to employees such as reward, recognition, training and development, etc.
- The findings confirmed that the organization has flow of sound communication system.
- All the management team and majority of employees believe that the working environment is comfortable for the employees so that they do not feel any discomfort during work which affects the results.

- The findings confirmed that there is participatory decision making in LIA. Moreover, the management team said that annual planning, budget allocation and decisions are made with participation of employees.
- The findings confirmed that the employees are rarely encouraged to use the standard procedures in the organization.
- The findings confirmed that the organization leaders have tried their best to keep their relation smooth with the employees. And the employees agreed with the findings.
- The findings confirmed that rewards are not given to employees in relation to performance.
- The result indicated that the overall performance and achievements of the organization were good but not to the required level.

## **5.2 CONCLUSIONS**

The following conclusions are drawn based on the findings of the study.

- It is found out that the management team is practicing democratic and Laissez-faire leadership styles.
- The need for effective leadership and organizational performance has become more critical. Although many factors may influence the performance of an organization, there can be little doubt that the quality of leadership available to it will be one of the most critical determinants of ultimate organizational achievement. Suitable Leadership practice plays a very important role in enhancing employee job satisfaction, work motivation and organizational performance.
- The result of the study proves that employees' motivation were neglected which in turn impeded the speed of the organization towards achieving to intended goals. The findings show that organization performance is not satisfactory due to

lack of suitable employees' motivations schemes, and performance reward mechanism (see table 1 & of the findings).

- Therefore, the success of an organization is reliant on the leader's ability to optimize human resources. A good leader understands the importance of employees in achieving the goals of the organization, and that motivating these employees is of paramount importance in achieving these goals. To have an effective organization the people within the organization need to be inspired to invest them in the organization's goal: the employees need to be stimulated so that they can be effective; hence effective organizations require effective leadership. Organizational performance will suffer in direct proportion to the neglect of this.

### **5.3 LIMITATION OF THE STUDY.**

In actual fact, leadership practice and organizational performance is affected by many factors, which is not covered by this study. Thus, this study does not cover all factors like organizational culture, value, time and others which are external factors.

On the other hand, the existence of limited reference material and research works in relation to leadership practice is another area of limitation of this study. The situation becomes more serious when it comes to Non-Governmental Organization.

In addition, data collection was a bit difficult mainly because most of the staff members were not in the office because of their nature of work. Further, due to time shortage and not giving due attention, it was difficult to find the board. Time shortage by the researcher because of other responsibilities also challenged the research. At the same time, existence of acceptable level of sampling error is expected.

Finally, data collection was limited to permanent employees and management team members only. This research does not include temporary employees and out sourced employees.

#### **5.4 RECOMMENDATIONS**

Based on the foregoing discussion, the researcher forwards action oriented recommendations for the LIA to better implement the most suitable leadership practice for the situations at hand.

- The LIA organization should put in place appropriate reward, recognition and promotion for employees for better efficiency and it is considered as a motivation. This is by far important to enhance the implementation capacity of the organization and then the leadership and employees are able to have good performance with smooth interaction for achievements of the entire goals of the organization.
- The organization also should provide appropriate training and education for employees for better efficiency and it is considered as a motivational factors.
- LIA organization management team needs to enhance and maintain trust between management bodies and employees for successful achievements through sound communication systems.
- The management team should advance 'Participative Leadership Style'. If the manager involves subordinates in making organizational decisions, shares problems with them and shares authority to reach a decision, subordinates will take part in the decision-making process through consultation. The leader can delegate a great deal of tasks while retaining ultimate responsibility.
- LIA organization should put in place appropriate reward system in relation to employees efficiency that will encourage workers to be more purposeful and improve their performance.



## **5.5 FUTURE RESEARCH PROPOSED**

While this study added to the literature there are still many areas for future research. A major finding of this study was that the leadership practice has a direct relation on organizational performance.

It is important for further studies to be carried out in order to do justice to all the factors that influence leadership practice on organization performance. With the limitations identified above, the ability to generalize the result of this study is restricted. I therefore, suggest that more research should be conducted on leadership practice and organizational performance using many Governmental and Non-governmental organizations.

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**APPENDIX PART ONE**  
**QUESTIONNAIRE FOR EMPLOYEES**  
**INTRODUCTION**

This research is designed to evaluate the leadership practice and organizational performance the case of Life in Abundance organization and will recommend the most productive pointes. The information gathered will be analyzed and prepared in the form of a research paper.

My name is Nebiyu Markos and I am MBA student at St. Mary’s university.

My cell phone: +251-910-63-63-52

Email: [n2006markos@yahoo.com](mailto:n2006markos@yahoo.com)

Respondents are humbly requested to give their responses honestly. The responses/information given will be used solely for this research confidentially. Your genuine response contributes much to the study.

Thank you in advance for your time and cooperativeness.

Your responsibility in the organization \_\_\_\_\_

Years of service \_\_\_\_\_

Qualification\_\_\_\_\_sex \_\_\_\_\_age \_\_\_\_\_

1. Are you motivated in the Organization towards accomplishing the task?  
a) Yes b) Sometimes c) No
2. Is there a sound communication channel in the organization?  
a) Yes, b) No
3. Are you encouraged to use the standard procedures?  
a) Always, b) Rarely, c) Never
4. Are you satisfied with the settlement of the conflicts when happen?

a) Yes b) Sometimes c) Never

5. Is there conducive working environment?

a) Yes b) No

6. Do you get rewards for your performances?

a) Always, b) Seldom c) Never

## **APPENDIX PART TWO**

### **INTERVIEW QUESTIONS FOR CEO**

#### **INTRODUCTION**

This research is designed to evaluate the leadership practice and organizational performance the case of Life in Abundance organization and will recommend the most productive pointes. The information gathered will be analyzed and prepared in the form of a research paper.

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Thank you in advance for your time and cooperativeness.

Your responsibility in the organization \_\_\_\_\_

Years of service \_\_\_\_\_

Qualification \_\_\_\_\_ sex \_\_\_\_\_ age \_\_\_\_\_

1. How does the management team motivate employees?
2. How does the flow of communication in LIA?
3. How does conducive working environment in LIA?
4. How does the relationship between the management team and employees?
5. How does participatory decision making look like in LIA?
6. How can you describe the performance of the company so far?