Effect of Relational Leadership on Organizational Effectiveness in the Nigerian Public Sector: A Study of Power Holding Company of Nigeria.

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Abstract: This study examined the impact of relational leadership in organizational effectiveness with specific reference to Power Holding Company of Nigeria. The study was anchored on Leader–Member Exchange Theory and Hollander’s Relational Theory. Data were collected from random sampled population of seventy 200 employees of Power Holding Company of Nigeria Jos Electricity Distribution Company Makurdi, Benue State using a well structured questionnaire. Data were analyzed using frequency distribution and percentage. Ordinary least square (OLS) Regression analysis was used to estimate the hypotheses of the research. It was found that inclusiveness and empowerment of employees by the management leads to organizational effectiveness. The regression result shows a positive relationship between empowerment and organizational effectiveness. Inclusiveness is also significantly and positively related to effectiveness. Proactiveness and ethical behaviour of leaders was also positive and significantly related to organizational effectiveness. This study recommended that, management should adhere to organizational ethics in order to achieve organizational effectiveness. Management should ensure that, staffs are sent for training regularly to empower them to effectively bring about organizational effectiveness. The study advocates that the process of discovering and adopting new ethics, values, inclusion should be internalized for an enhanced organizational effectiveness. 

Keywords: Relational, Leadership, organizational, effectiveness

1. INTRODUCTION

The leadership processes are consequent to the exchanges that take place between the leader and followers, the leadership orientation followed by the leader in different positions across many organizational structures and demands of the situation we are witnessing an alarming rate of leadership failures in industrial and social organization. Conventional or the structural form of leadership is effective in situations that demand repetitive work in terms of standard work outputs. On the other hand, if the situation is one that demands innovation, flexibility, autonomy and actualization in a growing context, relational model of leadership becomes an effective process (Fulber & Lewis, 2002). The fallacies in the traditional thought about leadership bring out the failures to separate leadership from its enactment in bureaucracies (Marshall, 1995). Grimshaw et al. (2001) refer to the restructuring of the traditional forms of work organization and changes in organization structure. In the restructured organizational processes, networks and clusters have replaced the classical chain of command.

According to Hunt & Dodge (2000) relational leadership focus is one that moves beyond unidirectional or even reciprocal leader/follower relationships to one that recognized leadership whenever it occurs; it is not restricted to a single or even a small set of formal or informal leaders and, in its strongest form, functions as a dynamic system embedding leadership, Environmental and organization aspects. A relational leadership can be seen as a two way influence relationship between a leader and a follower aimed primarily at attaining mutual goals. According to Brewer and Gardner (1996) at the interpersonal level, the relational self is the self-concept derived from connections and role relationships with significant others. According to Kouzes & Posner (2002) leaders promote learning in at least three ways: through their own learning on a personal level by helping others in their units (organization) learn, and by shaping and contributing to an organizational culture that promotes learning. The relational leader's models support positive change that is, change that improves the human condition and that does not intentionally harm others. Rost (1991) proposes that leadership happens when the group intends to accomplish change not just when they do accomplish change. Intending to improve a
situation accomplishing a task, or implementing a common purpose a part of the change process change. Bouwen and Hosking (2000) see relational leadership as social constructivist perspective, internal; processes are understood to be influenced by social relations, whereas, social constructionist centers communication process as the vehicle in which self and world are in ongoing construction. Research has shown that various leadership style impact differently on achieving the goals and objective of organization. This means that not all leadership style allow for full participation of the employees in management decision making. The goal of any organization is not only to survive, but also to sustain its existence by improving performance. In order to meet the needs of the highly competitive markets, organizations must continually increase performance (Arslan and Staub, 2013). The role of leadership is critically important for an organization to achieve a high level of performance. However, studies suggest that role of leadership is not so important in achieving the organizational performance.

This study focuses on the effect of relational leadership on employee productivity in the Nigerian public sector: a study of Power Holding Company of Nigeria. The specific objective of this study is to examine how employee’s inclusiveness in management decision leads to organizational effectiveness, how management and its staff be empowered in an organization to achieve effectiveness and how work ethics leads to organizational effectiveness.

2.0 REVIEW OF RELATED LITERATURE

2.1 Conceptual Framework

2.1.1 Relational leadership

Relational leadership refers to a model or perspective on leadership that focuses on the idea that leadership effectiveness has to do with the ability of the leader to create positive relationships within the organization. Leadership is viewed as a relational and ethical process of people together attempting to accomplish positive change (Gandossy and Effron, 2004). Contrary to other studies of leadership, which have focused primarily on the study of leadership effectiveness, relational leadership focuses on the relational process by which leadership is produced and enable. Relational leader is ethical, inclusive and open and promotes resilience, optimism and connectedness across the organization.

According to Drath & Palus (1994), relational leadership involves being attuned to and in touch with the intricate web of inter and intra relationship that influence an organization. Six competences in the area of relational leadership include the following: Leading employees, Interpersonal savvy, Work team orientation, Conflict management, Managing change in others, Effectively confronting problem employees. Respect is lost when managers manipulate others instead of being open and genuine in their responses: It is the ability to meet each situation armed not with a better of techniques, but with openness that permits a genuine response. The better managers transcend technique. Having acquired many techniques in their development as professionals, they succeed precisely by leaving technique behind. Relational dimension encompasses wider meaning to include the concurrent, collaborative, collective and compassionate behaviours in the concurrent form, more than one leader simultaneously exercises leadership processes without the members experiencing conflicting tendencies.

2.1.2 Dimensions of Relational Leadership

The following are the component of relational leadership model:

- Inclusiveness
- Empowering
- Purposeful
- Ethical

a) Inclusiveness dimension of Relational Leadership

Kouzes and Posner (2002) cited that, being inclusive mean developing the strengths and talent of group members so they can contribute to the group’s goals. Leaders enhance the learning of others, helping them to develop their own initiative, strengthening them to grow and to become better contributors to organization. These leaders by virtue of their learning then become leaders and mentors to other. Organizations have to go further and recognize that in many cases the organizational culture has to change to effectively involve people who have different backgrounds and different views and who may not embrace the dominant cultural norms. In addition, the language of inclusivity is exceptionally important. How we talk about people in the organization, how we refer to them (colleague versus subordinates or participants versus followers), and how the organization is structured are indicators of inclusive environment. According to Kouzes and Posner (2002) building the inclusive, cohesive, vibrant institution does
Indeed require the biggest basket in town – for it has to have room for all of us. Not just the favoured few, those who look alike and think alike, but all who are part of the community of the future.

Relational leadership involves a focus on five primary components. This approach to leadership is purposeful and builds commitment toward positive purposes that are inclusive of people and diverse points of view, empowers those involved, is ethical, and recognizes that all four of these elements are accomplished by being process-oriented.

b) Empowering dimension of Relational Leadership

Antonakis et al. (2003) opined that, “the key gift that leaders can offer is power”. Empowering people make them feel a sense of justice and a belief that they matter. Empowering environments are learning climates in which people expect successes yet they can learn from failure and mistakes. Conventional approaches assumed that if one person in an organization is very powerful, someone else has less power. In truth, different types of power exist concurrently among people in any kind of relationship. Power dynamics range from power “over” (autocratic approaches) to power “with” (collaborative approaches) or power “alongside” (collegial approaches). Also effective positional leaders know that their power and ability to be effective comes from the members of their group – their participants (Kouzes and Posner, 2002). Rost (1991) identify five primary sources of power that individuals bring to their relationships with others. These bases of social power are expert power which is the power of information and knowledge. Referent power refers to the nature and strength of a relationship between two or more people. Rost, (1991) opined that, because leadership is an influence relationship, it is essential that this influence be “non coercive”.

c) Purposeful dimension of Relational leadership

The conventional paradigm of leadership often asserts that the positional leader must have a clear vision. Research, however, has shown two primary types of vision activity: personalized vision and socialized vision (Weick et al. 2005). Personalized vision refers to a person, usually the person with legitimate authority, announcing a dream or plan and imposing it on others. While the socialized vision is building a vision from among group members, recognizing that people support what they help to create (Benius and Thomas, 2002). Effective leaders do not just impose their vision on others, they recruit others to a shared vision, especially in our digital age, when power tends to coalesce around ideas, not position, and leadership is a partnership not a sinecure (Bennis and Thomas, 2002).

d) Ethical dimension of Relational Leadership

In any functioning society everything – leadership and everything else – takes place within a set of shared beliefs concerning the standards of acceptable behaviour that must govern individual members. One of the tasks of leadership at all level – is to revitalize those shared beliefs and values, and to draw on them as sources of motivation for the exertions required of the group. Leaders can help to keep the values fresh and combat the hypocrisy that proclaims values at the same time that it violates them. Leaders must conceive and articulate goals in ways that lift people out of their petty preoccupations and unite them toward higher end (Freeman and Stuart, 2006). Leadership “toward higher ends” is ethical in nature and includes positive, constructive ends rather than results or outcomes that are destructive, harmful, or immoral. Ethics is defined as “the principles of conduct governing an individual or a professing” and “standards of behavior”. Being ethical means “conforming to the standard of a given profession or group. Any group can set its own ethical standard and then live by them or not (Chittenden, 2004).

2.1.3 Organizational Effectiveness

Organizational effectiveness is one of the basic constructs in management and organizational theory (Baruh & Ramalho, 2006). Effectiveness is central in the study of organizational analysis and that a theory of organizations should include the study of the effectiveness construct. According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad of internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility. An organization’s effectiveness is also dependent on its communicative competence and ethics. The relationships between these three are simultaneous. The several alternatives to measure organizational effectiveness reflect that organizational effectiveness means different things to different people. Colyer (2000) use an aspiration level
perspective and argue that organizational goals are a function of previous goals, experience with these previous goals, and other organization’s experience with these previous goals. Baruh & Ramalho (2006) note that the appropriate effectiveness criteria depends on how clear the standards and cause-effect relationships are known.

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. The idea of organizational effectiveness is especially important for non-profit organizations as most people who donate money to nonprofit organizations and charities are interested in knowing whether the organization is effective in accomplishing its goals. Organizational effectiveness skills are the building blocks for leadership. Without them, leadership can be misplaced or even be counterproductive. At its most elementary level, leadership means that a person can influence others to act in a certain way. The employee may need at times to influence his work group and to provide a vision of what the organization as a whole or the specific task at hand requires. Leadership skills are necessary at every level of the enterprise from chief executive to the line worker (Richard et al., 2009).

2.2 Theoretical Framework:

2.2.1 Leader–Member Exchange Theory

The most prominent relationship-based approach to leadership is the leader-member exchange theory. This theory suggests that the quality of interaction between a leader and employee varies across different employees in the work group, an assumption which has been supported by empirical research. How a leader acts toward an employee varies depending on whether the employee is perceived as competent and loyal, or incompetent and untrustworthy (Yukl, 2006). The nature of exchange relationship between leader and employee impacts on employee outcomes like satisfaction with work, commitment, supervisory ratings of job performance, and frequency of promotions. However, leader-member exchange is mostly a universal theory, with minimal effort to explain how situational variables such as culture may affect the exchange process (Yukl, 2006). Developing quality relationships between managers and employees who are culturally diverse may be particularly difficult. Differences between leaders and employees, especially those related to demographics, attitudes, and/or values, have been shown to increase the potential for distortion of communication. Understanding communication is done by inferring meaning into what is being said. The meanings exchanged by speaking and writing are not given in the words and sentences alone but are also constructed partly out of what the listeners or readers interpret them to be. This makes language always, inherently and necessarily, ambiguous and culturally determined (Sallys, 2002).

According to Graen & Uhl-Bien (1995), the central concept of LMX theory is that leadership occurs when leaders and followers are able to develop effective relationships (partnerships) that result in incremental influence and thus gain access to the many benefits these relationships bring. The theory describes how effective leadership relationships develop among dyad “partners” (e.g., leaders and members, teammates, peers) to generate bases of leadership influence (Graen & Uhl-Bien, 1995), as well as demonstrates the benefits of these leadership relationships for organizational outcomes.

2.2.3. Hollander’s Relational Theory

Another prominent relationship-based approach to leadership is that provided by Hollander. Hollander was one of the earliest scholars to adopt a focus on leadership as a relational process, a two-way influence and social exchange relationship between leaders and followers, (1) leadership is a process involving an influence relationship, (2) the leader is one among other participants in this relationship, and (3) there are “transactions” (i.e., exchanges) that occur between leaders and followers, basic to which is the belief that rewards will be received for benefits given. Hollander’s model is relational and focuses on process, but considers this process from the standpoint of individuals—making it an entity approach. For example, in the idiosyncrasy credit (IC) model of innovative leadership, leaders are given latitude for innovative behavior in a “credit-building” process that is function of the followers’ perceptions of the leader’s competence and loyalty displays that engender follower trust in the leader (Hollander, 1992).

2.3 Empirical Review

James (2010) studied “The Development and Validation of a Measure of Relational Leadership: Implications for Leadership Theory and Policies”. This study reports the development and validation of the Relational Leadership Questionnaire (RLQ). The consensus attributes of relational leadership are that the relational leader is caring, empowering, ethical, and inclusive and has vision. These characteristics also reflect the newest theory and view of leadership in the psychological literature as
well. For each of these 5 attributes, 10 Likert items were written using a 7 point response scale. These 50 items were administered to 141 high school teachers. Five factors were found for the RLQ and the 5 items with the highest factors loadings for each attribute were retained for the confirmatory study.

A confirmatory study was done with 434 elementary, middle and high school teachers who also responded to the LMX leadership scale (the “known marker” scale) and Mayer’s trust scale. The hypothesized correlations with the LMX and trust scales were obtained as were the expected factor structures. The RLQ was in general validated, but gender, teaching level and teaching experience was found to significantly influence factor structures and scores on all three instruments. These finding also have a number of key and important policy implications in the assessment and evaluation of educational leaders from school principals to university presidents and legislative committee members.

Priyanka and Venkat (2000) studied Ethical Preferences of Transformational Leaders: An Empirical Investigation. This study looked at the relationship between the four factors of transformational leadership - charisma, inspirational leadership, intellectual stimulation, and individualized consideration - and the leader's preference for unethical behavior. Five ethical scenarios - bribery, endangering the physical environment, lying, personal gain, and favoritism - were studied using a sample of 100 pairs of managers and subordinates from four multinational organizations in India. Relationships between the leader's ethical preferences and three outcomes - followers' willingness to put in extra effort, perceived effectiveness, and satisfaction - were also analyzed. Findings indicate that inspirational leadership is negatively related to the leader's preference for bribery and favoritism, and intellectual stimulation is negatively related to preference for bribery. Charisma and individualized consideration are not related to the leader's ethical preferences. Followers' willingness to put in extra effort is also negatively related to the leader's preference for bribery and favoritism. Results also suggest that organizational culture might moderate the relationship between transformational leadership and ethics. The results shows a preference for type of leadership style any organization could adopt to achieve organizational goal.

3.0 METHODOLOGY

A descriptive survey method was used for this study. A population of 200 employees of Power Holding Company of Nigeria. In this study, the two most common types of validity, which are content and construct validity, were considered. While content validity was tested through the expert contributions, construct validity was tested with the use of Factor analytical tool that considered Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test of Sphericity and others and which indicates that the instrument for the analysis is valid. Reliability was measured using Cronbach Alpha coefficient of 0.86 which indicates instrument has internal reliability.

The data was analysed using Frequency distribution and percentages while ordinary least square (OLS) regression analysis was used to estimate the relationship between the variables of the study. The standard error test was used to test the research hypotheses of the study.

3.1 Model Specification

The model for this study is stated implicitly as follows:

\[ OE = f(IN, EM, ET) \]  \hspace{1cm} (1)

Where,

OE = Organizational Effectiveness
IN = Inclusiveness
EM = Empowerment
ET = Ethical

The explicit form of the model is as shown below:

\[ OE = b_0 + b_1IN + b_2EM + b_3IN + U_t \] \hspace{1cm} (2)

Where, \( U_t \) = Stochastic error term
\( b_0 \)= Regression constant
\( b_1, b_2, b_3 \)= Regression Coefficients

A priori expectation \( b_1 > 0, b_2, >0, b_3 > 0 \)

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Presentation of Descriptive Data

The result of the descriptive statistic reveal that majority of the respondents (71%) strongly agreed on employee’s inclusiveness in management bring about effectiveness of the organization. This implies that employee’s inclusiveness in management leads to organizational effectiveness. This is in line with the study by kouzes and poser (2002) as cited in the literature.

Also majority of the respondents (64%) strongly agreed on employee empowerment by management while few of the respondents strongly disagreed. This implies that employee’s empowerment by management leads to organizational effectiveness. The result further reveal that majority of the respondents (28%) strongly agreed on the work ethics between employee and management while few of the respondents strongly disagreed. This
implies that employee work ethics in management leads to organizational effectiveness. The result of the regression for the analysis of the hypotheses shows that the mode of specification for empowerment establishes a positive relationship between empowerment and organizational effectiveness in line with a priori expectation. Also the result of the hypotheses shows that there is a significant effect between inclusiveness, proactiveness, ethical and organizational effectiveness. Hence inclusive, proactive, empowered and ethical staff leads to organizational effectiveness. The regression result showed an $R^2$ of 73.7%. This implies that 73.7% of the variation in the Organizational Effectiveness (OE) can be explained by the model while the remaining 26.3% of the variation in the model is attributed to other factors represented by the error or stochastic term. This is in line with study by James (2010) who studies the development and validation of a measure of Relational leadership.

5.0 Conclusion and recommendation

This research work centered on the “effect of relational leadership on Organizational Effectiveness in the Nigerian public sector: a study of Power Holding Company of Nigeria”. This work which is a bridge of the gap existing in literature review by Uhl-Bien (2006) on relational leadership will help to add a perspective into the leadership research cycle. This study identified that relational leadership involves people - employee or followers, the ability to use the power to influence follower has and also concerns ethical values. The findings of this study are important to the management of Power Holding Company of Nigeria, as the relational leadership attributes that are considered effective was stated. This could be explored to enhance improvement in organizational effectiveness in Power Holding Company of Nigeria. The results of this study is important to the leadership of Power Holding Company of Nigeria, to know the process of discovering and adopting new ethics, values, inclusion envious and empowering with the hope that they will be internalized for enhanced organizational effectiveness. To answer the research questions, the researcher administered questionnaire in the course of this study. As shown by the request of the study, empowerment has a significant impact on organizational effectiveness, thus the management of unity Bank should empower the staff to motivate them into putting in their best at work thereby ensuring organizational effectiveness. Work ethics have a direct relationship with organizational effectiveness. Management of Power Holding Company of Nigeria should ensure that staff adheres to the ethics of the organization in order to increase organizational productivity. Since “motivation” is multi-dimensional, management should widen their scope and view to develop other ways her employees feels motivated and satisfied even to cleaners and security.

REFERENCE


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