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## Impact of Leadership on Organisational Performance

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### Abstract

The study discussed impact of leadership on organisational performance using a theoretical approach. Leadership and various styles of leadership were discussed such as transformational, transactional, and how they impact organisational performance. It also delve into the concept of organisational performance, examining different metrics and factors that contributes to it. The study observed that effective leadership is crucial in achieving optimal organisational performance. By understanding various leadership style and their impact on performance, organisations can implement strategies to improve their overall performance. Among other recommendations, it was suggested that Leaders should create vision and provide direction for their team while ensuring that everyone is aligned with the organisation's strategic objectives. It then concluded leadership is crucial for any organisation to thrive, and effective leadership can lead to higher productivity, employee satisfaction, and ultimately, increased profitability.

**Keywords:** leadership, organisation, performance

### Introduction

Leadership is a major requirement of every organisation. Organisation is a consciously coordinated social entity, with a relatively identifiable boundary, that functions on a relatively continuous basis to achieve a common goal or set of goals (Ejere & Abasilim, 2013). To achieve its goal and objectives, organisations requires effective leadership at every level. Leading deals with the process of identification and grouping of activities to be performed and defining and establishing the authority responsibility relationships (Raisiene, 2014). This simply means that every level in organization, leaders are saddled with the responsibilities of determining and arranging for men, materials, machines and money required by an organisation for the attainment of its goals. The success and survival of organisations is tied to attainment of its goal. Scholars have also observed that this success which organisations clave for is tied to its leadership (Akinniyi, 2009; Northouse, 2011; Ibrahim & Daniel, 2019). To this end, Akinniyi and Adebakin (2021) declared that

leadership competence is key to organisational performance. This is in agreement with the position of Khan et al. (2018) that the success of any organisation is an evident of effective leadership.

## **Conceptual Definitions of Key Factors**

### **Leadership**

Leadership has been widely defined and explained from different perspectives like political, religious, social, and managerial. All these perspectives tries to explain leadership and what marks effective leadership. Achua and Lussier (2010) defined leadership is the ability to influence and inspire other to do what they never thought they could do. Ibrahim and Daniel (2019) defined it as the capability to motivate ones' followers (or subordinates) to put in their best efforts for the achievement of national (or corporate goals) by giving them a vision to look up to, a road map to follow and serving as a role model. However, a more classical definition was given by Munroe (2024) when he defined leadership as the capacity to influence others through inspiration motivated by a passion, generated by a vision, produced by a conviction, and ignited by a purpose. This definition threw up six key elements of effective leadership purpose, conviction, vision, passion, inspiration, and communication.

Leadership is a process of influencing people to achieve a common goal. It is the ability to motivate and inspire others to work towards a shared vision. Njoku and Adindu (2014) posited that leadership involves setting direction, creating an environment where people can work together effectively, and providing the necessary resources and support for them to do so. Leadership is about taking responsibility for the success or failure of an organisation or team (Muteswa, 2016). Leadership functions are the activities that leaders undertake in order to lead their teams and organisations which includes setting direction, motivating and inspiring others, developing strategies, managing resources, delegating tasks, monitoring progress, and evaluating performance (Nandasinghe, 2020). According to Igbaekemen and Odivwri (2015), leaders must also be able to communicate effectively with

their teams in order to ensure that everyone is on the same page and working towards the same goals.

### **Element of Effective Leadership**

As earlier noted, Munroe (2024) definition of leadership threw up six key elements of effective leadership.

**Purpose:** Organisations are created for a purpose and leaders are meant to identify and fulfil that purpose. The individual leader must be committed to the purpose of the organisation and make their subordinates to key into it. Beside the cooperate purpose, leaders will also have their personal purpose on what he or she want to achieve. However, his or her personal purpose must be in line with the cooperate purpose of the organisation.

**Conviction:** Conviction means having an unshakable belief in the necessity and possibility of the purpose. A leader must have a firm believe that the purpose is something worth pursuing. If the leader is not convinced about the purpose he or she will not have the zeal to pursue it and to influence his subordinates to join. It is the job of the leader to get assured of the destination and then transfer the same assurance to the subordinates so they can committedly follow his lead towards the attainment of the purpose.

**Vision:** Vision is the capturing of what could become in the future from what exists now. Vision is necessary if a leader must make anything out of his purpose because he cannot arrive at a future not seen. It is not enough for a leader to be convinced of his purpose, he must also have a picture of what could become of that purpose or where pursuing that purpose will take him to. Vision gives focus and direction to leadership and also helps the leader to set his priorities right.

**Passion:** passion is a driving force that keeps an individual committed to, and energized by the pursuit of a cause. A leader must be passionate about pursuing the vision he sees for his leadership for it to materialise. Passion keeps a leader continually interested in both his personal and cooperate purpose. For a leader to succeed, he must have passion his dreams or vision in order to sustain the zeal to pursue the actualisation of that vision.

**Inspiration:** Inspiration means the decision to follow was made by the subordinates and not the leader imposing it on him. If the leader has been truly committed to playing his part, the natural response of the subordinates is that they get inspired and join him in the pursuit of that vision or in getting to the destination. So leadership is all about influence, not manipulation or control.

**Communication:** Leaders who communicate well clearly convey their message, actively listen to their team, and provide feedback to ensure everyone is on the same page. Leadership cannot happen without communication. There must be both verbal and nonverbal communication that lets the subordinates know what is expected of them. A leader must communicate the purpose or destination to the subordinates and let it become their own purpose.

### **Leadership Style**

A leadership style is a leader's characteristic behaviors when directing or managing groups of people. A person's default leadership style is the way they feel most comfortable leading others to achieve their vision. Bhargavi and Yaseen (2016) measured the effect that leadership effectiveness had on the performance and attitudes of teams. The researchers found that, while high leadership score indexes are not related to the past performance of a team, they are associated both to a higher probability that the team's performance will increase in the future and a higher reputability of the organisations that these teams belong to.

**Autocratic Leadership:** This type of leadership involves making decision without input from others. The leader has complete control over the team and makes all the decision, which can be good in certain situations where quick and decisive action is needed.

**Democratic Leadership:** This type of leadership involves involving team members in the decision-making process. The leader encourages participation and seeks opinions and feedback from the entire team before making a decision.

**Laissez-Faire Leadership:** This type of leadership involves giving the team complete

freedom to make decisions and complete projects on their own. The leader provides guidance and resources but does not interfere with the team's work.

**Transformational Leadership:** This type of leadership involves inspiring and motivating the team to achieve a common goal. The leader leads by example and encourages team members to be their best selves.

**Servant Leadership:** This type of leadership involves putting the needs of the team members first. The leader focuses on developing and supporting the team, which in turn leads to a more productive and successful organisation.

**Transactional Leadership:** This type of leadership involves setting clear expectations and offering rewards or punishments based on performance. This type of leadership can be effective in certain situations but can also lead to a lack of creativity and innovation.

### **Organisational Performance**

Researchers have used subjective and objective measures to explain the concept of organisational performance. While subjective measures has to do with the observation of managers on how effective and efficient the performance of an organisation is such as the attainment of set goals and objectives, objective measures has to do with the use of accounting analysis to measure organisational performance, (Pierre et al., 2011). Akinniyi and Adebakin (2021) affirmed that organisational performance comprises the actual output or results of an organisation as measured against its intended output (goals and objectives). Njoku and Adindu (2014) opined that performance is the outcome of work because they provide the strongest linkage to the strategic goals of the organisation, customer satisfaction, and economic contributions. Wiig (1995) defined it as the process of quantifying the efficiency and effectiveness of organisation's action. For Richard et al. (2009) organisational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total

shareholder return, economic value added, etc.). Bourguignon (1997) identifies three main senses of the word performance:

- ❖ Performance is success: Meaning that performance represents the success of businesses.
- ❖ Performance is the result of action: This means that performance is understood as an assessment of achieved outcomes.
- ❖ Performance is action: In this regard, performance is a process, and not a result that occurs at a particular time.

All these definitions are pointing that performance is achieving organisational objectives, goals or purpose of the organisation. It a match between expected outcome and actual outcome. In this vain, organisational performance can be said to be the capacity of an organisation to reach its goal and optimise results. That is to say that performance can be rated high when the actual outcome exceed the expected outcome. Adindu and Njoku (2016) resolved that Some of the measuring factors of performance are clearer direction, setting smart goals, determine what is critical to measure, implement changes and measure outcomes and ensuring that everything that is measured is fed back to achieving the organisational goals. In a simple term, organisations measure performance in terms of effectiveness and efficiency. Effectiveness refers to the extent to organisation is achieving the outcome, while efficiency refers to the ratio of relevant outputs to relevant inputs (Nandasinghe, 2020).

### **Measuring Organisational Performance**

Measuring organisational performance is an important aspect of strategic decision-making. It helps leaders at all level to monitor their impact, provide feedback and set targets. One major reason of measuring performance is to position the organisation for future success. Organisations measure performance at every level ranging from individual to organisational level. Measuring performance at different levels helps organisations to clearly understand their current operations thereby knowing their strengths and weaknesses across business units.

**Individual Level Performance:** Organisations measures individual performance to know how employees are contributing to the organisation's success. Organisations can provide feedback and training for improvement by capturing individual performance and making informed decisions about promotions, incentives, and other rewards. Koopmans et al. (2011) stated that individual performance can be measured from the angles of task performance, contextual performance, adaptive performance, and counterproductive work behaviour.

- ❖ Task performance refers to success in completion of assigned task. This dimension can be measured using objective criteria, including the number of tasks completed, quality of work, timeliness, and accuracy.
- ❖ Contextual performance encompasses actions which extend beyond the prescribed task and can manifest in social, organisational or psychological realm. This dimension can be assessed through employee feedback, peer evaluations, or observations by supervisors.
- ❖ Adaptive performance denotes the responsiveness at work. This can be measured using problem-solving skills, creativity, learning agility, and working well under pressure.
- ❖ Counterproductive work indicated behaviour like absenteeism, theft, tardiness, disregarding of instructions, safety regulations, substance abuse, and any other off-task behaviors that undermine performance. This dimension can be measured using attendance records, incident reports, or other objective criteria.

**Team-Level Performance:** At this level, organisations measures team adaptability, team orientation, leadership, and back up behaviours. Team adaptability refers to the team's ability to adjust to changing situations. Team orientation measures how well team members collaborate. Leadership measures the effectiveness of the team leader. Back-up behaviors measure how well team members support each other.

Conner (2017) state that qualitative assessments are also important for measuring team performance. These assessments involve gathering data through interviews, focus groups, and observations to understand the team's performance from multiple perspectives.

Further analysis could use the IPO model to measure a team's performance based on its inputs, processes, and outputs.

**Organisational Level Performance:** at this stage organization look at different parts of the business to measure how well a company is doing (George et al., 2019). This includes things like how they treat their workers, how they plan for the future, and how they understand their customers. It's essential to measure all these things through subjective or objective measures. It's vital to ensure they match the organisation's goals

### **Leadership and Organisational Performance**

Organisation is a system that with elements. These elements are time, people and task which must interrelate effectively for its objectives and goals to be actualized. Leadership helps to syngise this relationship achieve effective performance. Leadership is the leading element of any organisation and its outcome is measure on organisational performance (Chuang, 2013). Leadership reflects the ability of a leader to create a vision and communicate that vision to others to share and realize that vision. Dissanayake et al. (2017) observed that leadership has a strong link with organisational performance. In their view, performance if any organisation is highly dependent on leaders' ability not only to strategise but to also inspire his team to key into his vision and mission. Leadership and performance shapes our understanding how leaders get results, and why their leadership often exceeds expectations.

Leadership facilitates managerial function by creating a shared vision for the organisation, coordinating teamwork, fostering communication and relationships, monitoring activities, and motivating employees for higher performance (Kahandawaarachchi et al., 2016). Effective leadership translates to organisational success. Organisations measure performance in terms of effectiveness and efficiency. Effectiveness refers to the extent to which the organisation is achieving the outcome, while efficiency refers to the ratio of relevant outputs to relevant inputs (Akinniyi & Adebakin, 2021). One the purpose of measuring performance is to assist in the organisation rate the effectiveness of its



leadership. The style of leadership a manager adopted has a direct effect on the organisational performance of the employees (Uchewangbe, 2013). Al Khajeh (2018) asserted that organisational performance is associated with the leadership style and it has both a positive and a negative impact on the performance of any given organisation. According to John and Chattopadhyay (2015) effective leadership is a key drivers for growth, development and innovation as it shapes values, culture, change, tolerance and employee motivation in organisations.

### **Recommendations**

Leadership is a prerequisite to effective organisational performance. In view of this, the following recommendations were made.

- ❖ Leaders should create vision and provide direction for their team while ensuring that everyone is aligned with the organisation's strategic objectives.
- ❖ Leaders should inspire, motivate, and empower their team members to perform their duties well by creating a positive work environment, providing support and recognition, and encouraging innovation and creativity.
- ❖ Leaders should be transparent and consistent in their actions so as to foster trust and respect among their team members. Trust is a critical element of successful teamwork, and it's essential that leaders lead with integrity.
- ❖ Leaders should set the tone for accountability by holding themselves and their team members responsible for their actions. By holding people accountable, leaders drive productivity and ensure that everyone is working towards the same goals.
- ❖ Leaders should nurture and develop their team members, helping them grow in their careers and prepare them for future leadership roles by providing opportunities for professional development and mentorship. This will help in creating a pipeline of future leaders within the organisation.

## Conclusion

Leadership is crucial for any organisation to thrive, and effective leadership can lead to higher productivity, employee satisfaction, and ultimately, increased profitability. The success of an organisation depends on the quality of its leadership. In this view, leaders need to advocate better service, innovation, proposals for new ideas, and employee satisfaction. Effective leadership depends on the situation and the needs of the team, so leaders may need to adapt their style to meet the specific challenges they face.

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