**RESEARCH ARTICLE**

# FACTORS THAT DETERMINE LEADERSHIP EFFECTIVENESS: A CASE STUDY OF NEW KENYA CO-OPERATIVE CREAMERIES IN NAIROBI

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| *Manuscript Info* | *Abstract* |
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| | Successfully managing an organization is now becoming necessary for every organization. There are still several myths around leadership effectiveness in spite of the fact that it is one of the most topical issues in modern organizations. Many organizations appreciate the need for effective leadership, as many as 70% of leadership initiatives do not achieve their intended outcomes. The importance and contributions of leadership in high performing organizations can never be underestimated. This study sought to determine the skills and practices that The New Kenya Co-operative Creameries Limited (New KCC) leadership put in place to effectively achieve success in the market. The co-operative is in food industry, processing and marketing milk and milk products. The overall objective of this study was to examine the factors that determine leadership effectiveness at the New KCC. The researcher considered various leadership theories, leadership styles and two Leadership models.  The study was carried out at the New KCC in Nairobi in 2014/2015 academic year. The study used descriptive research design to determine the individual experiences of employees and how they perceive leadership effectiveness on an individual basis. Quantitative primary data was collected through a structured self-completed questionnaire from a sample size of 75 respondents out of a sample target of 185 permanent employees, published secondary data from the company and from the Kenya Dairy Board was also used. Data collected was analyzed using Statistical Package for Social Science technique and also using descriptive and various inferential statistics. The study found that leadership effectiveness depends on the success and practice of various leadership skills. The study recommended that leaders mandated to spearhead leadership efforts in organizations should effectively practice skills linked and that yield leadership effectiveness to achieve success. |

## 1.0    Introduction

Research indicates that effective leadership is limited, despite abundant models and theories for successful leadership facilitation (Kotter, 1996). However, a recent survey of more than 750 top CEOs worldwide indicates that 55% of them believe their recent leadership efforts were ''quite'' or ''very'' successful (IBM, 2006).  Study examining leadership efforts from the perspective of employees and their beliefs in the effectiveness of their leaders indicates that up to 70% of leadership efforts fail (Burns, 2004; Cope, 2003), approximately 80% of respondents have reported that their leaders never, rarely, or only sometimes lead effectively. In fact, leadership is often cited as a significant barrier to or resister of success in organizations (Ford, 2008), despite self reports to the contrary (IBM, 2006). The inability to recognize or respond to individual employee needs contributes to leaders' failures (Shook & McGee, 2003). Previous research detail disappointing organizational experiences with leaders and points to

leadership skill deficiencies as a viable cause, organizational leaders who fail to address issues of motivation and communications are more likely to be unsuccessful (Ulrich, 1998).

A leader is a change agent who can take initiative and bring successful change for an organization (Senior & Fleming 2006). The leader as a person in charge or as a change agent can manage an organization more effectively and successfully if he/she is capable and competent, leadership skills are needed throughout organizations as professionals need to drive change, influence others, and adapt to rapidly changing circumstances (Hussey, 2000). The study identified skills and abilities positively associated with success in leadership effectiveness, this include coaching, communicating, involving others, motivating, rewarding, and team building. This study supports past research with respect to linkages between these specific skills and leadership effectiveness.

Effective leaders engage their motivation and communications skills and translate these into explicit behaviors to influence leadership initiatives positively. Organizations and their leaders who fail to recognize the importance of these skills will become another statistic in the failure rates of leadership (Beer & Nohria, 2000). Research suggests that the problem is limited understanding of leadership techniques and inability to modify one's management style (Schiemann, 1992). Fiedler (1996) argues that the effectiveness of a leader is a major determinant of the success or failure of a leadership initiative. These claims are based on the assumption of a direct link between leadership and organizational performance (Morgan, & Mumford, 2005). The problem is leadership of many organizations is not sure that after implementing particular changes they will achieve success (Schiemann, 1992). The main problem is that, many leaders ignore or are unaware of the skills and abilities positively associated with success and we are led to the following problem statement:  How can leadership effectiveness be integrated with leadership skills and abilities to achieve success? This fact made it interesting to investigate the leadership skills and abilities that help to achieve success at The New KCC.

## 2.0      Literature Review

### 2.1      Leadership Theories; Theories of leadership encompass frameworks such as trait, behavioral, and charismatic theories.

### 2.1.1      Leadership Trait Theory
Leadership trait theory represents an effort to identify a set of psychological traits that all successful leaders possess (Scott & Judge, 2006). The Trait Approach that endured up to the late 1940s claimed that leadership ability is inborn (Carlson, 1996). Various trait studies have failed to generate a conclusive list of agreed-on traits inherent in effective leaders (Bass, 1990), although certain traits such as supervisory ability, the need for achievement, intelligence, decisiveness, self-assurance, and initiative are deemed significant (Ghiselli, 1971).   Contemporary perspectives of leadership view leaders as being charismatic, transformational, transactional, servant, or developmental (Gilley, 2000). The study of special traits of leaders emerged from the belief that leadership and abilities such as intelligence were inherited.

### 2.1.2      Behavioral Theories of Leadership
Behavioral theories of leadership support that a set of particular behaviors can be named as a style of leadership. Leadership style refers to a distinctive behavior adopted by persons in formal positions of leadership (Campell, et al., 2005) and several studies were conducted to identify the styles. Behavioral theorists posit distinctive styles used by effective leaders, such as McGregor's (1966) theory X and Y, and behaviors that were autocratic, democratic, or laissez-faire (Lussier & Achua, 2007). Recent approaches to leadership focus on vision and charisma, the term used by sociologist Max Weber to describe leaders who can lead but who do not hold a ''sanctioned office'' (English, 1992). Later, Burns (cited in Deluga, 1995) introduced the concepts of transactional and transformational leadership.

### 2.1.3      Charismatic Leadership Theory
Sinha (1995) defines charisma as a ''magical aura'' which only a few leaders may be granted. Max Weber (1995) maintains that there are three bases of authority which are traditions, rights and privileges and charisma which is synonymous with heroism and an exemplary character of a person. Robert J. House (as cited in DuBrin, 1995) identified nine effects which charismatic leaders have on their followers such as group member's trust in the correctness of the leader's beliefs, congruence between the leader's and the group's beliefs, acceptance of the leader, affection for the leader, willing obedience to the leader, identification with and admiration for the leader, emotional

involvement of the group member in the mission, challenging goals of members and belief in the accomplishment of the mission (Scott, 1988).

Bass (1990) categorized charismatic leaders into five types; Socialized charismatics: a leader who is in pursuit of fulfilling the needs of the group members and providing intellectual stimulation to them; Personalized charismatics: a leader who offers consideration, help, and support to group members only when it helps to achieve their own goals; Office holder charismatics: a leader who owns respect and recognition through the office or status he holds not because of his personal characteristics; Personal charismatics: a leader who exerts influence on others owing to his personal traits and skills not his high status or position;  Divine charismatics: a leader who is believed to be endowed with a gift or divine grace.

## 2.2      Leadership Models
Two models stand out as exemplary and relevant in the NKCC leadership effectiveness;

### 2.2.1      Leader Participation Model
Leader Participation Model is based on five modes of decision-making, which ranged from highly autocratic to fully consultative. The effectiveness of a mode depended upon several contingent factors which can be summed up as information sufficiency, structure of the problem, and subordinate attitudes and relationship with the leader (Sinha, 1995). This theory is normative in nature as it prescribes a set of rules to determine the form and amount of participative decision making in different situations. The model was composed of a complex decision making tree involving seven contingencies whose relevance can be assessed by answering ''Yes'' or ''No'' questions and five alternative leadership styles.

### 2.2.2      Leader Member Exchange Leadership Model
Also referred to as Vertical Dyad Exchange Leadership Model. This model developed by George Graen and his followers challenges the well established assumption that leadership behavior is consistent. It proposes that a leader might be caring and considerate toward a team member yet uncaring and strict toward another (DuBrin, 1997). Each of these pairs of relationships must be evaluated in terms of whether the group member is ''in'' or ''out'' with the leader. The leader's first impression of a group member's competency has a strong impact of the group member's belonging to the in-group or the out-group. In-group members have similar values and attitudes with the leader. However, out-group members do not have much in common with the leader and act somewhat detached from him. In-group members can become a part of a smooth functioning team whereas out-group members are unlikely to achieve good teamwork (DuBrin, 1997).

## 2.3      Leadership Styles
Leaders play an important role to influence the behavior of employees at workplace (Cope & Erdogan, 2006). Leaders pursue others to realize that what requirements should be made and in which way it can done well furthermore it assist individuals that combined efforts fulfill common objective (Yukl, 2002). Change cannot be successfully implemented without the proper direction of top management although it is thoroughly planned (Kroth, 2007). Most vital and fundamental step in organizational change is that leaders effectively communicate idea of alteration to employees through each possible way (Ghiselli, 2006). Boss who communicate the change effectively have a greater influence on organizational existence that finally lead to the organizational success (Pfeffer, 2003 cited in Abdullah, 2009).

Various types of leadership styles exist, namely; Autocratic leadership style: leaders centralize authority and retain all the power of making decisions themselves, leaders might have the trust and confidence in their subordinates and this leads to quick decisions and work on time, however it de-motivates employees (Hardy, 1997): Democratic Leadership style; Leaders believe in getting their subordinates involved in decision making, they welcome suggestions and feedback and are open to new ideas. The style encourages staff participation and improves staff morale but its time consuming (Grant, 2005) and Laissez-faire Style; an avoidant leader may either not intervene in the work affairs of subordinates or may completely avoid responsibilities as a superior and is unlikely to put in effort to build a relationship with them. Laissez-faire style is associated with dissatisfaction, unproductiveness and ineffectiveness (Deluga, 1992). The style allows almost total freedom to subordinates as it allows them to freely set objectives and work procedures.

## 3.0      Results and Discussions

The researcher targeted a sample of 75 employees from the NKCC out of which 70 responses were obtained, with 66 valid responses. This represented 88% response rate. This is a reliable response rate for data analysis as Babbie (2002) posited that any response of 50% and above is adequate for analysis. It was realized that 70% of the respondents in this study were male while 30% were female. This clearly shows there is gender imbalance in the organization.

On the respondents' age bracket, the study found that majority of the respondents (50.40%) were aged between 31 and 45 years, 28.57% were aged between 46 and 60 years and 20.02% were aged between 18 and 30 years. This shows that majority of the respondents were aged between 31 and 45 years which implies that NKCC has young and middle aged employees who can be trained to take over the leadership of the organization in the future.

On the level of education, most participants have completed Diploma level education (50%), Degree (30.30%), Masters Degree (10.61%) and Secondary level (9.09%). The highest percentage of work experience was within the range of 10 years or above (37.88%), 5-10yrs (27.27%), 3-5yrs (19.70%) and 1-3yrs (15.15%). This implies that it is easy for the leadership to lead effectively given that many employees have many years of work experience hence can easily understand and implement new policies under minimum supervision resulting to expeditious realization of NKCC goals.

This study has shown that certain managerial skills and behaviors positively influence leadership effectiveness in achieving success at the NKCC. This study makes various contributions to the research on leadership and organizational management. The study shows approximately 70% of respondents reported that their leaders effectively practice the mentioned leadership skills positively associated with success which include communicating, motivating, reward and recognition, coaching, involving others, and team building. This study supports past research with respect to linkages between these specific skills and leadership effectiveness.

### 3.1    Communication
The high rate of failure in leadership efforts prompted this project to examine the factors that determine leadership effectiveness at the New KCC and establish the role of communication in effective leadership. Research question one asked; what role does communication play in determining leadership effectiveness at the New KCC? Findings show that 70% of respondents strongly agree that communication play a key role in influencing leadership effectiveness at the NKCC, 15% of respondents agrees, 10% were neutral, 3% disagreed and just 2% of respondents strongly disagreed. It is obvious, the majority of respondents felt that leaders communicated effectively and feedback was adequately provided on newly implemented programs and policies at NKCC, more than two thirds of employees responding identified feedback from leaders as being positive in nature.

Out of these findings it is important to stress that the perceptions of the employees, are considered the most important at the NKCC. Kosson (1994) makes this point succinctly: "A leader's perception of leadership in a particular work situation is not as important as the workers perception''. The literature review and the study established that leaders do communicate effectively. The study established that most employees at the NKCC were involved in the process of decision making from start to finish. Good leaders know that involvement of the staff should not be seen as an option but should be recognized as essential (Hardy, 1997). A leader has the ethical obligation to inform employees. However, lack of effective communication even when employees show openness can lead to resistance. Effective communication and involvement by the entire organization is the key to successful leadership at the NKCC.

### 3.2    Motivation
The central assumption of the study was that motivation of workers can lead to good performance while lack of motivation can create dissatisfaction and the resultant poor performance. Research question two asked; what are the effects of staff motivation in determining leadership effectiveness at the New KCC? Findings show that 65% of respondents strongly agree that staff motivation play a KEY role in determining leadership effectiveness at the NKCC, 21% of respondents agree, 9% were neutral, 4% disagreed and 1% of respondents strongly disagreed. It is obvious the majority of respondents think that they feel good or very good about working every day and performing at their best. Majority of respondents answered that the work fulfills their basic needs fairly well and they are well appreciated at work and the work gives them the feeling of self fulfillment.

The study has established that performance at the NKCC is satisfactory and motivation measures in place are perceived to be quite adequate to promote good performance. The study established that NKCC has a number of incentives in place to encourage the workers to perform well namely; continuous appraisals, thanking a worker for

the work that has been well done, provision of office facilities, provision of transport, allowances, training and good team work among the workers. Employees were also found to be having good relations amongst each other, which is a motivation incentive. Intrinsic motivators such as achievement, advancement, responsibility, recognition are identified to be well expressed at the NKCC. However, although some incentives seem to be in place, the study establishes that they are not so adequate and there is need for improvement. The study also indicates that performance at the NKCC is satisfactory with compliments and opinions being made by the general public.

### 3.3      Reward and recognition

Leaders secure desired results through a compensation and reward philosophy that recognizes employees for the right performance. Rewarding employees demonstrates the importance of and need for success, along with leaders' understanding that 'the things that get rewarded get done'. Conversely, unsatisfactory outcomes are the result of rewarding recipients for doing what organizations don't want them to do or failing to reward the right behaviors. The third research question asked; to what extent does New KCC's rewards and recognition determine its leadership effectiveness? The study findings show that 50% of respondents strongly agree that reward and recognition determines leadership effectiveness to a great extent, 20% of respondents agree, 15% were neutral, 10% disagreed and 5% of respondents strongly disagreed.

NKCC has reward programs that help the organization achieve specific goals such as greater creativity, innovative products, competitiveness, collaboration and teamwork, employee commitment and loyalty, long-term plans, and continual learning and application of new skills are positively related to organizational goal achievement. NKCC wages are part of the financial rewards for the work of an employee. It is also one of the main motivating and stimulating factors. If the wages system is managed well at the company, it can raise employee motivation, productivity and satisfaction. The employees of the NKCC show quite average satisfaction with their current salary. Managers should take into account this factor, because when it is improved, it can raise the motivation and productivity of employees.

### 3.4      Coaching

NKCC Coaching is based on feedback and communications designed to maximize employee strengths and minimize weaknesses, resulting in improved performance due to greater awareness (Whitmore, 1997). Research question four asked; what are the effects of coaching in determining New KCC's leadership effectiveness? Findings show that 55% of respondents strongly agree that coaching have great effects on New KCC's leadership effectiveness, 30% of respondents agree, 11% were neutral, 3% disagreed and just 1% of respondents strongly disagreed. The study shows that more than half of respondents felt that coaching have an influence on New KCC's leadership effectiveness. NKCC Executive coaching is designed to help facilitate professional and personal development to the point of individual growth, improved performance and contentment. The leadership works their employees towards specific professional goals.

The leadership practices career coaching which focuses on work and career or issues around careers which is similar in nature to career counseling and traditional counseling. Coaching at the NKCC has yielded tangible and intangible benefits for individuals and the organization. NKCC have recognized the need to enhance the employee's opportunity to develop skills and abilities for full performance within the position and for career advancement and growth which would lead to retention of talented workforce in return increase firms performance in terms of profitability and productivity. Training and development programs help remove performance deficiencies in employees. Current and future needs of employees at the NKCC are met through training and development programs. Even dissatisfaction, complaints, absenteeism, and turnover can be reduced if employees are trained well.

Employee counseling at the NKCC has emerged as the latest HR tool to attract and retain the best employees and increase the quality of the workforce. NKCC engage in effective mentorship of employees which gives them the opportunity to align organizational goals to personal career goals and the ability to advance professionally. This collaboration gives employees a feeling of engagement, which leads to better retention rates.

### 4.0      Conclusion

The general objective of this study was to examine the factors that determine leadership effectiveness at the New KCC. The study concludes that; given the critical nature of leadership effectiveness in the global economy, the value placed on leading is increasing. This study demonstrates the perceived importance of specific leadership skills and

abilities necessary for success. Our results indicate the importance of approaching leadership from a person-centered perspective that organizational leaders who address issues of motivation and communications are more likely to successfully implement new policies. The literature review identified the benefits of communication in overcoming resistance, providing feedback, and participation by employees in discussions about a proposed policy. The results of this study identified communication as the key ingredient in leadership effectiveness. The research validates the use of effective communication in overcoming resistance to change, improving feedback, and the participation of all employees within an organization. Effective communication and involvement by the entire organization is the key to successful leadership.

The study further establishes that elements such as adequate pay, good working conditions, reliable job security, and good working relations are important to motivate workers. Leaders secure desired results through a compensation and reward philosophy that recognizes employees for the right performance. Rewarding employee efforts demonstrates the importance of and need for success, along with leaders' understanding that "the things that get rewarded get done". . NKCC have recognized the need to enhance the employee's opportunity to develop skills and abilities for full performance within the position and for career advancement and growth which would lead to retention of talented workforce in return increase firms performance in terms of profitability and productivity.

## 5.0     Recommendations

Based on the findings of the study, the researcher recommends the following:

i)     The study clearly indicated that effective communication and involvement of all personnel during every phase of leadership initiative is essential if it is to be successful hence leaders must engage all stakeholders and resistance will be minimized.

ii)    The study also recommends that organizations should put in place satisfactory and motivation measures in place, perceived to be quite adequate to promote good performance. The study established that various motivation incentives are required to encourage the workers to perform. Intrinsic motivators such as achievement, advancement, responsibility, recognition should be encouraged.

iii)   The results also indicate reward and recognition by exception have a medium positive correlation with leadership effectiveness. The study recommends that leaders should therefore consider formulating and implementing effective reward programs to help the organization achieve specific goals. Reward is also one of the main motivating and stimulating factors.

iv)    The study recommends that organizations should build a culture of coaching to inspire others to be their best by improving performance and developing synergistic relationships with employees through training, counseling and mentoring.

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