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Abstract

Leadership determines the attitude of employees toward discharging the responsibilities in organizations. There have been few studies on leadership as it influences employee empowerment. Thus, the broad objective of this paper is to examine the relationship between leadership approach and employee empowerment in small businesses in Lagos State. The study administered 400 questionnaires to the employees of Small businesses in Lagos state; 377 were returned, but 372 were found usable. Pearson correlation matrix was employed to test the significant relationship between leadership approach and employee empowerment. The findings revealed that directive leadership approach significantly shows the positive relationship with employee training and delegation of authority to employees, and also participative leadership approach is insignificant and indicates the negative relationship with the delegation of authority at 5% significant level. Thus, this study recommends that owners or entrepreneurs of small businesses should adopt directive leadership approach due to the fact that it is significantly related to delegation of authority and training, unlike participative leadership. Also, employers of employees in small businesses in Nigeria should let their employee know the importance of following instructions given to them to complete the task assigned to them, and also owners of small businesses should entertain employees' suggestions and ideas in order to be able to state well-defined business policy(ies) and instructions to be followed.

Keywords: Employee empowerment; Leadership approach; Training; Delegation of authority.

1. INTRODUCTION

The role of leadership style in management improvement and employee empowerment is undeniable (Karnama and Sheikhpour, 2015). One of the qualities of a good leader is the ability to influence and control his followers toward achieving desired goals and objectives in an organization. The leadership approach that a leader or manager employs in directing and controlling the resources in the organization is of great importance in achieving the stated goals and objectives at the short and long run. Thus, employees who are the life blood of any organization need to be managed or lead in a way that will make them work effectively. Cohen and Bailey (1997) cited in Zaersabet et al. (2013) suggested that empowerment research should also be conducted on various types of teams that include management team, project teams, and virtual teams. There is an utmost need for organizations to empower their employees for improved efficiency. Employee empowerment is concerned with trust, motivation, decision making, and breaking the inner boundaries between management and employees as "them" verses us (Yehuda, 1998; cited in Ongori, 2009). Employees can be empowered via training, authority delegation, etc., and before this can be done, the leaders of organizations who are managers must or ought to recommend the suitable methods for the employees to be empowered, and this is a result of the leadership approach adopted by the managers. If the leadership approach in an organization is defective or does not see employee empowerment as an important and necessary thing to be done in these modern days of business activities, then the performance of the employee will be below expectation.

The most common and popular, easy-to-establish form of business in Nigeria is a small-scale business. Over the years, small businesses in Nigeria have encountered series of challenges that has led to the collapse of many of them. Many scholars have attributed the failure of these small businesses as inadequate capital, but some small businesses with urge of capital still fail, struggle for survival, and even cease to exist

without considering the leadership approach employed in running and controlling human resources in the business. Customers have complained about the inefficiency of service rendered to them by employees in small business, and the employees in small businesses cannot make decisions or transact business activities without taking permission from their superiors. It cannot be said if all these are linked to the unsuitable leadership approach.

There are several studies that have established the relationship between leadership style, organizational performance, employee commitment, and employee performance, but few studies have investigated the relationship between leadership style and employee empowerment of small-business entrepreneurs in Lagos State. Due to this, this study examines the relationship between leadership style (directive leadership approach and participative leadership style) and employee empowerment of small-business owners in Lagos State, Nigeria.

2. LITERATURE REVIEW

2.1. Conceptual Clarification

Leadership is an ongoing process of building and sustaining a relationship between those who aspire to lead and those who are willing to follow (Kouzes and Posner, 1987). According to Abiola (2012), leadership consists of the knowledge and skills that the individual possesses and employs means to persuade others to enthusiastically work toward the completion of the plan of action that the leader has established. Leadership is the ability of an individual to inspire and lead a group of people toward achieving a set of goals. Leadership approach can either be a participative leadership approach or directive leadership approach. Participative leadership approach gives room for members of the organization, individuals or groups, to be involved in decision making and decisions taken in the organization. Directive leadership approach is the process of stating the rules, regulations, policies, and commands to be obeyed and abided strictly by the followers.

Ongori (2009) sees employee empowerment as “a transfer of power” from the employer to the employees. Tutar et al. (2011) identify empowerment as the activity of assigning appropriate responsibility to employees and making them gain abilities. Thus, employee empowerment is the process of improving the capabilities of the employees toward achieving the goals and objectives of the organization. Employee empowerment can be seen as a channel of motivating human resources in the organization. Empowerment can also be seen as the means of power sharing or distribution of power among employees to ease operational daily activities. The delegation of authority is the decentralization of power, duties, and responsibilities in the organization. According to Lutgans and Hodgetts (2004), delegation of authority is a process of distributing tasks and authorities. Training is defined as the use of specific means to inculcate specific learning using techniques that can be identified and described. These techniques and methods should be continually improved. Training therefore, is a deliberate effort to teach specific skills, knowledge, and attitudes to serve a specific purpose (Archive, 2008).

2.2. Empirical Review

Zaersabet et al. (2013) examined empowerment and leadership style with a new approach in organizations. They employed variables such as transformational-leadership style, psychological empowerment, and structural empowerment. Psychological empowerment was used as the mediating variable. The results showed that leadership style can increase creativity and innovation of employees through structural empowerment.

Karnama and Sheikhpour (2015) investigated the relationship between leadership style and employee empowerment in a university. They used autocratic/impressive, democratic/participative, and assignor/unimpressive styles as independent variables. They employed descriptive statistics, correlation, and regression analysis as methods of data analysis. They found out that autocratic leadership style is significant to employee empowerment; there is an inverse relationship between autocratic and organizational commitment, and there is a significant relationship among democratic/participative and assignor/unimpressive styles and employee empowerment.

The result of Men (2010) study on measuring the impact of leadership style and employee empowerment on perceived organizational reputation showed that leadership styles such as transactional and transformational have a positive effect on employee empowerment (feeling of control and competence) but no significant effect.

Ongori (2012), in his study titled “Managing behind the scene: A view point on employee empowerment,” critically reviewed the existing literature on employee empowerment. The outcome from his review indicated that employee empowerment is essential in this era of globalization to respond quickly to any changes in the environment and reduce employee turnover.

In Ghosh (2013) theoretical study titled “Employee empowerment: a strategic tool to obtain sustainably competitive advantage,” the outcome of the review indicates that some managers find it difficult to put empowerment into practice because of some factors such as contaminated ego states of the manager, their autocratic approach, and their addiction to power.

Wang et al. (2010) employed charismatic, transformational, and visionary leadership styles to examine the effect of leadership style on organizational performance as viewed from human resources–management strategy. The findings of the regression analysis showed that leadership styles are positively related to organizational performance.

2.3. Theoretical Framework

There are several theories that link leadership style, employee performance, and employee empowerment, but this study is built upon autocratic and democratic leadership theories that establish that organizational leaders must unilaterally exercise authority and allow employees to contribute to organizational decisions. The two theories examined are:

2.3.1. Autocratic-Leadership Theory

Autocratic leadership theory states that a leader must unilaterally exercise his decision-making authority by determining policies, procedures for achieving goals, work task, relationships, control of reward, and punishment. The central message of this theory is that leaders should take decisions, directives, policies, and make rules and regulations, and announce them without taking advice and/or suggestions from any quarter. The focus of autocratic leadership–style theory is strict adherence to rules, procedures, and it does not entertain opinions of other people within and outside the organization. In this theory, subordinates are not given the opportunity to be creative in their routine activities. This theory is similar to McGregor’s (1960) theory X.

2.3.2. Democratic-Leadership Theory

Democratic leadership theory focuses more on people, and there is greater interaction within the group. This theory, unlike autocratic-leadership theory, allows and gives room for peoples’ views, suggestion, and opinions in the decision-making process. It is a form of decentralizing policymaking, rules, and regulations. The principles of democratic-leadership theory are friendliness, helpfulness, and the encouragement of participation in an organization. In the same vein, McGregor (1960) described this democratic leadership–style theory as benevolent, participative, and believing in people. Democratic leadership–style theory is similar to McGregor’s (1960) theory Y.

3. METHODS

The population for this study is the group of employees of small businesses in Lagos State. Lagos State was chosen because most small businesses in Nigeria are located in the Lagos metropolis. Survey-design method was employed in this study, and the primary source of data collection was employed to get the needed data by administering a questionnaire to the target respondents. Due to the large population of this study, a total of 400 questionnaires were administered to target respondents across all sectors of small businesses in Lagos State. The data obtained from respondents was analyzed through descriptive statistics and Pearson’s correlation analysis. Cronbach’s alpha was used to test the reliability of the responses to the questionnaire.

4. DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1. Demographic Details of the Respondents

Out of the 372 respondents, 228 are male, which represents 61.3%, while 144 are female, which is 38.7%. The marital status of the respondents revealed that 82 (22%) of the respondents are single, 272 (73%) of the respondents are married, and 18 (5%) of the respondents are separated. The responses on the age of the respondents showed that 42 (11.3%) of the respondents were aged 20-29; 132 (35.5%), 30-39; 178 (47.9%), 40-49; and 20 (5.3%) were 50-59. The academic qualifications of the respondents revealed that 62 (16.7%) of the respondents had senior-secondary-school certificate; 127 (34.1%), Dip/NCE/ND; 171 (46%), BSC/HND; and 12 (3.2%), postgraduate certificates. The years of experience of the respondents also showed that 88 (23.7%) had 1-4 years; 94 (25.3%), 5-9 years; 165 (44.4%), 10-14 years; 20 (5.4%), 15-19 years; and 5 (1.3%), 20 years or more.

4.2. Reliability Test of the Variables

Variables	Cronbach's Alpha	No. of Items
Directive-leadership approach	0.890	7
Participative-leadership approach	0.844	7
Delegation of authority	0.862	7
Training	0.737	7

Source: Researchers' computation 2016.

The above table shows the summary of reliability test of the data obtained from the respondents which are determined by employing Cronbach's alpha. Cronbach's alpha indicates the internal consistency of the responses to the research questions. The table shows that directive-leadership approach, participative-leadership approach, delegation of authority, and training have Cronbach's alpha values of 89%, 84.4%, 86.2%, and 73.7%, respectively. This indicates that there is internal consistency in the responses to research questions, as the values are greater than 70%. Fraenkel and Wallen (2000) assert that, for research purposes, a useful rule of thumb is that reliability should be at least 70%.

4.3. Hypotheses Testing

4.3.1. Hypothesis One

H_0 : Directive Leadership approach does not have a significant relationship with employee training.

Correlations			
		Directive-Leadership Approach	Employee Training
Directive-leadership approach	Pearson's correlation	1	0.187**
	Significance (two-tailed)		0.000
	<i>N</i>	372	372
Employee training	Pearson's correlation	0.187**	1
	Significance (two-tailed)	0.000	
	<i>N</i>	372	372

**Correlation is significant at the 0.05 level (two-tailed).

Source: Researchers' computation 2016.

Pearson’s correlation is employed to test the hypothesis. The correlation result shows that there is a significant relationship between directive-leadership approach and employee training. From the findings, the significant value is 0.000 which is less than the significant level (two-tailed) of 5%. Thus, there is a significant relationship between directive-leadership approach and employee training. Hence, this study fails to accept the null hypothesis that directive-leadership approach does not have a significant relationship with employee training.

4.3.2. Hypotheses Two, Three, and Four

H₀: Participative-leadership approach does not have significant relationship with the delegation of authority.

Correlations			
		Participative-Leadership Approach	Delegation of Authority
Participative-leadership approach	Pearson’s correlation	1	-0.053
	Significance (two-tailed)		0.305
	<i>N</i>	372	372
Delegation of authority	Pearson’s correlation	-0.053	1
	Significance (two-tailed)	0.305	
	<i>N</i>	372	372

*Correlation is significant at the 0.05 level (two-tailed).
 Source: Researchers’ computation 2016.

The result of the Pearson’s correlation above shows that there is no significant relationship between participative-leadership approach and delegation of authority in Lagos State’s small businesses. From the findings, the significant value is 0.305, which is greater than 0.05%. Thus, the null hypothesis that participative-leadership approach does not have a significant relationship with the delegation of authority is accepted.

H₀: Directive-leadership approach does not have a significant relationship with the delegation of authority.

Correlations			
		Directive-Leadership Approach	Delegation of Authority
Directive-leadership approach	Pearson’s correlation	1	-0.118*
	Significance (two-tailed)		0.023
	<i>N</i>	372	372
Delegation of authority	Pearson’s correlation	-0.118*	1
	Significance (two-tailed)	0.023	
	<i>N</i>	372	372

*Correlation is significant at the 0.05 level (two-tailed).
 Source: Researchers’ computation 2016.

The above Pearson’s correlation reveals that the significant value is 0.023, which indicates that there is significant relationship between the independent variable and dependent variables directive-leadership approach and delegation of authority in Lagos State’s small businesses. Based on this, the null hypothesis that directive-leadership approach does not have significant relationship with delegation of authority is accepted.

H_0 : Participative-leadership approach does not have significant relationship with employee training.

Correlations			
		Participative- Leadership Approach	Employee Training
Participative leadership approach	Pearson's correlation	1	0.181**
	Significance (two-tailed)		0.000
	<i>N</i>	372	372
Employees training	Pearson's correlation	0.181**	1
	Significance (two-tailed)	0.000	
	<i>N</i>	372	372

**Correlation is significant at the 0.05 level (two-tailed).

Source: Researchers' computation 2016.

It is revealed in the above correlation table that the significant value is 0.000, which is less than 0.001. This indicates that there exists a significant relationship between participative-leadership approach and employee training in Nigerian small businesses. Hence, this study fails to accept the null hypothesis that participative-leadership approach does not have a significant relationship with employee training.

5. CONCLUSIONS AND RECOMMENDATIONS

Based on the above findings, directive-leadership approach is significantly related to employee training and delegation of authority to employees in small businesses in Nigeria. In the same vein, participative-leadership approach is significantly related to employee training but not significantly related to delegation of authority to employees of small businesses in Nigeria.

Based on the conclusion, it is shown that the two leadership approaches employed in this study are significantly related to training the employees in small businesses as an aspect of employee empowerment. Therefore this study recommends that owners or entrepreneurs of small businesses should adopt directive-leadership approach because of the fact that it is significantly related to delegation of authority and training, unlike participative leadership. Also, employers of employees in small businesses in Nigeria should let their employees know the importance of following instructions given to them for completing the task assigned to them. In addition, owners of small businesses should entertain employees' suggestions and ideas in order to be able to state well-defined business policy(ies) and instructions to be followed.

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