

Management Styles and Organizational Effectiveness: An Appraisal of Private Enterprises in Eastern Nigeria

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Abstract

The study investigated Management styles and Organizational effectiveness of private enterprises in Anambra State of Nigeria. A survey design was adopted in this study. The population of the study consisted of top, middle and lower levels of managers of private enterprises across the eight industrial sectors of Anambra State. A sample of one hundred and twenty nine (129) managers was drawn from the three levels of management of private enterprises from the eight industrial groups. Proportionate Stratified random sampling method was used in the selection of the respondents to ensure fair representation from the three levels of management. The main instrument for data collection was a structured questionnaire designed in a 5-point Likert scale of strongly agree to strongly disagree and excellent to poor. The data collected were analyzed using descriptive statistics and Pearson product moment correlation statistic. The study found that participative and paternalistic management styles were the predominant management styles in practice, the effectiveness of private enterprises were well above average, there was a relationship between management styles and organizational effectiveness. It was concluded that different management styles were adopted in the running of private enterprises depending on the characteristics inherent such firms. Based on the findings of the study, it was recommended that private enterprises should adopt management styles in tandem with the achievement of set goals, cultural values and organizational peculiarities as there was no one best management style.

Key Words: Management Styles, Organizational Effectiveness, Private Enterprises

1.0 Introduction

Organization is an entity set up for a purpose. The *raison d'être* for any going concern is to create utility. The satisfaction of customers is by way of creation of goods and delivery of quality service from any enterprise. For enterprises to remain economically viable and virile, they must attain organizational effectiveness particularly in today's turbulent business environment. Small and medium scales enterprises are seen as an engine to facilitate economic growth of nations.

The Nigerian Government from 1977-1979 formulated an industrial policy to foster the establishment and growth of more small and medium scale enterprises to salvage her economy from recession (Unamka and Ewurum, 1995). Following the establishment of the industrial policy, a wide range of small scale industries sprang up in diverse parts of the country. Anambra State was not left out in the quest for industrialization. The state explored several investment opportunities and was involved virtually in all types of enterprises ranging from transportation, manufacturing and production, electrical and electronics, banking, communication, hotel and tourism, wholesale distribution and others. This really resulted in the creation of more employment opportunities, goods and services, economic growth and improved standard of living.

The business environment is fraught with encumbrances arising from the fluidity and dynamics of the world economy and the global business environment. The threats and opportunities occasioned by the uncertainties and changes associated with the business environment stifled the growth of a good number of these enterprises while a few were able to weather the economic storms, exploited the opportunities and improved product quality, productivity and profitability in Anambra State. The decline in the performance and effectiveness of these private enterprises have been attributed to the direction and magnitude of the oil price in the international market, monetary and fiscal policy management, managerial skills, management and leadership styles, obsolete equipment employed, supervisor-subordinate relationship, lack of motivation of workers and the like.

Management style is one of the critical antecedents to organizational effectiveness. Management style is simply construed as a way to manage an organization. It is the general approach of a manager in dealing with people at work and exercising of authority over subordinates in an effort to reach organizational goals (Quang, 2002; Hartzell, 2006). In view of organizational effectiveness, Davidmann (1995) opines that the effectiveness of any organization is largely determined by the manner of work co-ordination, level of workers commitment to the entity and the extent to which workers co-operate with one another, management and the community.

There is an avalanche of research conducted with respect to the aforementioned factors responsible for organizational performance over the years. Specifically, such research was conducted in areas of monetary and fiscal policy management and enterprise performance, leadership styles and public enterprises, motivation of workers and organizational performance. However, little or no attention is directed at the management styles and organizational effectiveness of private enterprises. Consequently, this paper is aimed to fill this knowledge gap by providing empirical evidence. In specific terms, this paper seeks to identify the prevalent management styles in private enterprises, assess the organizational effectiveness of private enterprises and determine as to whether management styles adopted has any relationship with the effectiveness of private enterprises in Anambra State of Nigeria.

2.0 Literature Review

2.1 Management Styles

Management style is a managerial parlance often used to describe the how of management. It is a function of behavior associated with personality (McGuire, 2005). Management style can be understood as a way to manage an organization. According to Schleh (1977), management style is “the adhesive that binds diverse operations and functions together”. It is the philosophy or set of principles by which the manager capitalizes on the abilities of the workforce. Management style is not a procedure on how to do but it is the management framework for doing. A management style is a way of life operating throughout the enterprise and permits an executive to rely on the initiative of the personnel of an entity.

Effective management style is the extent to which a leader continually and progressively leads and directs followers to a predetermined destination agreed upon by the whole group. It is the manner of approach to issues of the managers towards achieving the goals of their organization by transforming various resources available to any organization into output through the functions of management (Field & Dubey, 2001). Khandwalla (1995b) considered management style as the distinctive way in which an organization makes decisions and discharges various functions of goal setting, formulation, implementation of strategy, corporate image building, dealing with key stakeholders and other basic management activities.

2.3 Types of Management Styles

Several management styles have evolved hitherto as distinct managers utilized differing approaches in performing responsibilities in the course of their official work. Sequel to the emergence of styles of management, scholars have identified and described a variety of formal styles of management since the 1950's. Likert (1967) classified four approaches of management that constitute a continuum of participative, paternalistic, exploitative and autocratic, and consultative management style while Burn and Stalker (1961) identified organic and mechanistic styles of management. Furthermore, Minzberg (1973) considered entrepreneurial and strategic planning as forms of management styles adopted by managers in organizational entities. In recent times, commonly exhibited styles of management includes authoritarian, coercive, authoritative, democratic, affiliative, permissive, indifferent, coaching, pacesetter, visionary, bureaucratic and defensive styles of management (Effere, 2005).

McGuire (2005) explored basic management styles and different managers in the pharmaceutical industry and came up with charismatic, persuasive, consultative, transactional, transformational and delegating styles. A survey was conducted by Worrall (2004) in United Kingdom and found that most managers were bureaucratic and restrictive in their management styles which were not conducive to development of high performance cultures for creativity and innovation to flourish in most organizations. Blandchard (1994) reduced management styles to four basic types. They are directing, supporting, coaching and delegating while Khandwalla (1995b) articulated ten dimensions of management styles such as conservative, participative, bureaucratic, paternalistic, authoritarian, organic, entrepreneurial, visionary, professional and altruistic.

Pascale and Athos (1981) examined the Japanese style of management sequel to the economic success of Japan. These scholars highlighted that the Japanese management style underscores paternalism, lifetime employment, seniority, lifelong learning, collective decision making, hard work, co-operation ethics, continuous adaptation and improvement. The management style of the American companies differed markedly from Japanese style and it pays attention to core values, high flexible structure, business unit autonomy, interactivity and innovation.

De gens (1997) advocates the adoption of management of tolerance for learning organizations and knowledge-based companies instead of action-oriented management style. Harbison and Myers (1969) classified management styles as autocratic, paternalistic, participative and Laissez-faire while another emerging management style is theory z proposed by William Oluchi.

There are several management styles identified and grouped by different management scholars. It is clearly evident that the classification of management styles is overlapping and homogenous with slight diversity. It is observed that the variation of management styles arises due to differences in the types of business organization, nature of staff of these organizations and settings. This demonstrates that nations have basic management styles with modifications largely due to the influence of cultural distinctions and peculiarities.

2.4 Management Styles and Organizational effectiveness.

Organizations are consciously created to accomplish specific objectives. In realizing set goals, organizations formulate strategies from which organization structures are designed and set targets are achieved. Organizations conduct periodic assessment to ascertain the level of objectives attained. The process of determining the extent of organization's performance level is called organizational effectiveness (Onwuchekwa, 1999).

The concept of organizational effectiveness is otherwise called organizational success or organizational worth which associates with goal attainment. According to Onwuchekwa (1999), an examination into effectiveness is to evaluate how well an organization is doing in relation to some set standards. Georgopoulos and Tennebaum (1957) posit that organizational effectiveness is the extent to which an organization as a social system with the resources and means at its disposal fulfils its objectives without incapacitating its means and resources and without placing undue strain upon its members. However, Quang (2002) proposes seven measurement criteria of organizational effectiveness. These measurement criteria are employee's satisfaction, profitability, growth rate of sales or revenue, financial growth, competitiveness of the company's products and services, public image and good will and leader in Technology. The measurement criteria postulated by this scholar is quite impressive and cuts across a wide range of issues. It is not restricted to financial performance of any organization as was the case in the past.

The relationship between management styles and organizational effectiveness cannot be overemphasized. Management styles are one of the important factors that affect organizational effectiveness. A good match between the style of management and operating realities of an organization will substantially influence its level of effectiveness. In each organization, management style influences the performance of individual employee and work groups, and thereby the whole organization's performance.

Culpan and Kucukemirogula (1993) developed a model to study how managers practise the different management styles in work places. The model of these scholars consists of six managerial dimensions for comparing management practices which include leadership/supervisory style, decision-making, communication patterns, control mechanism, interdepartmental relations and paternalistic orientation. The author further attempted to establish a link between management style and organizational effectiveness by comparing United States and Japanese management systems.

The study found that the American managers underscored supervisory style, decision making and control mechanism while the Japanese were concerned more with communication process, interdepartmental relationship, and a paternalistic approach.

Luthans (2008) articulates that employees perceive the behavior and actions of managers as actions of the organization itself. Employees develop positive attitude towards the organization where the actions of the managers clearly show that employees are part of the organization. Pathack (2005) further affirms that management styles affect the effectiveness and performance of organizations. This management scholar analyzed the impact of management styles on firm performance level and found a strong relationship between management styles and organizational performance.

Consequently, this paper seeks to provide answers to two research questions and test one hypothesis which are presented thus:

What is the prevailing management style of private enterprises in Anambra State?

What is the level of performance/effectiveness of private enterprises in Anambra State?

Ho: There is no significant relationship between management styles and organizational effectiveness of private enterprises in Anambra State.

3.3 Methodology

The study adopted a survey design which sought to determine the management styles and organizational effectiveness of private enterprises in Anambra State of Nigeria. The population of the study consisted of top, middle and lower level managers of private enterprises across the eight industrial sectors of Anambra State. A sample of one hundred and twenty nine (129) managers was drawn from the three levels of management of eight private enterprises from the eight (8) industrial groups. Proportionate stratified random sampling procedure was employed in the selection of the respondents to ensure fair representation from the three levels of management and industrial sectors.

The main instrument for data collection was a structured questionnaire designed in a 5-point Likert scale of strongly agree to strongly disagree and excellent, above average, average, below average and poor. The instrument has 24-item subscale to measure the management styles and 7-item subscale to measure the effectiveness of the private enterprises. The measuring instrument was a modification of the model of Culpan, Kucukemuroglu and Quang (1993; 2002) management styles and measurement criteria of organizational effectiveness respectively.

Content validity was determined through the review of the instrument by management scholars and pilot test was conducted to ensure clarity and understandability of the questionnaire. The reliability of the instrument was determined through test-retest method by distributing 20 copies of the instrument to staff of private enterprises in Awka and a repeat administration was done to same staff within a period of one week. The two set of scores were correlated using Pearson product moment statistic yielding a co-efficient of .79, indicating high degree of consistency.

One hundred and twenty nine copies of the data collection instrument were self-administered and all were retrieved from the respondents. The data collected were analysed using descriptive statistics of mean and standard deviation for the research questions while Pearson product moment correlation was employed to test the hypothesis postulated in the study.

4.0. Results and Discussions

Research Question one: *What is the management style adopted by private enterprises in Anambra State?*

Table 4.1 Mean Ratings and Standard Deviations of management styles adopted by private enterprises in Anambra State.

Management styles	N	Mean	Std. Deviation	Rank
Participative	129	4.7597	0.87690	1 st
Paternalistic	129	4.3217	1.07946	2 nd
Authoritarian	129	3.9554	0.83177	3 rd
Entrepreneurial	129	3.6415	1.09947	4 th
Conservative	129	3.5698	1.14350	5 th
Bureaucratic	129	3.4826	1.00107	6 th
Valid N (list wise)	129			

Source: Researchers' survey, 2012

Table 4.1 shows the summary statistics of mean, standard deviation, numbers of respondents and the mean ranking of six management styles of private enterprises in Anambra State. The participative management style had the highest mean value of 4.7597 while bureaucratic style of management had the lowest mean value of 3.4826. This implies that participative management style is the predominant style followed by paternalistic management (m= 4.3217), Authoritarian (m=3.9554), Entrepreneurial (m=3.6415) and Conservative (m=3.5698). The mean ranking of the management styles suggest the patriarchal influence on private enterprises in the traditional culture of the people of Eastern Nigeria. The result further demonstrated that members in these enterprises had close relationship as they were mostly relations and friends of the managers. Consequently, most managers run private enterprises on the platform of close and large family ties. However, authoritarian style of management also ranked high in association with entrepreneurial style of management. It implies that family ties notwithstanding, the managers institute some level of discipline among staff to sustain the organization and take risk where necessary to exploit investment opportunities that crop up in the business environment.

The close observation of the Standard deviations further indicated that there is no much variation in the data points except that of participative and authoritarian styles of management which differed from other styles of management. With no much variability in the values of the Standard deviation confirms that the respondents were homogenous in their responses.

Research Question Two: *What is the level of organizational effectiveness of private enterprises in Anambra State?*

Table 4.2 Mean Rating and Standard Deviation of organizational Effectiveness of private Enterprises in Anambra State.

Variables/Indicators	N	Mean	Std. Deviation	Rank
Employee Satisfaction	129	4.2752	1.2005	1 st
Financial Strength	129	4.1356	.9296	2 nd
Public image and goodwill	129	4.0242	1.5345	3 rd
Growth of sales/Revenue	129	4.0041	1.1813	4 th
Profitability	129	4.0021	1.1511	5 th
Competitive product/Service	129	3.7451	1.3075	6 th
Leadership in Technology	129	3.4348	1.1156	7 th
Overall Organizational Effectiveness	129	3.9458	1.0289	

Source: Researchers' Survey, 2012

Table 4.2 demonstrates the summary statistics of mean, standard deviation, numbers of respondents and the ranking of the variables that constitute organizational effectiveness index of private enterprises in Anambra State. The variables that constitute organizational effectiveness measurement criteria, employee satisfaction had the highest mean rating of 4.2752 while Leadership in Technology had the lowest mean value of 3.4348. This means that all the assessment factors to evaluate the effectiveness of private enterprises were rated above average as the mean scores were above 3 which is the average score in the 5-point continuum. Employee satisfaction had the highest mean value (4.2752), followed by financial strength (4.1356), public image and goodwill (4.0021). In all, the organizational performance of private enterprises in Anambra State had a grand mean of (3.9458) which was well above average. Since the cumulative average of all the measurement factors was 3.94, it is an indication that private enterprises in Anambra State are doing fairly well.

Test of Hypothesis

H0: There is no significant relationship between management styles and organizational effectiveness.

H1: There is a significant relationship between management styles and organizational effectiveness.

Table 4.3 Correlation matrix between management styles and organizational effectiveness of private enterprises in Anambra State.

<i>Variables</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
<i>1 Organizational Effectiveness</i>	<i>1.00</i>	<i>.287*</i>	<i>.356*</i>	<i>.278*</i>	<i>.362*</i>	<i>.471*</i>	<i>.378*</i>
<i>2 Conservative management style</i>		<i>1.00</i>	<i>.324</i>	<i>-.266**</i>	<i>.163</i>	<i>-.257</i>	<i>-.211**</i>
<i>3 Entrepreneurial management style</i>			<i>1.00</i>	<i>-.305*</i>	<i>.259**</i>	<i>-.297</i>	<i>-.406*</i>
<i>4 Bureaucratic management style</i>				<i>1.00</i>	<i>.356**</i>	<i>.290*</i>	<i>-.259</i>
<i>5 Authoritarian management style</i>					<i>1.00</i>	<i>.297*</i>	<i>-.237**</i>
<i>6 Participative management style</i>						<i>1.00</i>	<i>-.295*</i>
<i>7 Paternalistic management style</i>							<i>1.00</i>

* $P \leq .05$; ** $P \leq .01$

Source: Researchers' survey, 2012

Table 4.3 displays the correlation matrix between management styles adopted by managers and organizational effectiveness of the various enterprises in Anambra State. A close observation of the correlation co-efficients of the six management styles and organizational effectiveness, there is a weak positive relationship between the management styles and organizational effectiveness. Specifically, participative management style had the highest positive correlation co-efficient (.471) while conservative management style had the least correlation co-efficient. Although there is a weak and positive form of relationship between management styles and organizational effectiveness, the variables are all statistically significant. Thus, there is a positive significant relationship between conservative management style and organizational effectiveness ($r = .287$, $P < .05$); there is a positive significant relationship between entrepreneurial management style and organizational effectiveness ($r = .356$, $P < .05$); there is a significant relationship between bureaucratic management style and organizational effectiveness ($r = .278$, $P < .05$); there is a positive significant relationship between authoritarian management style and organizational effectiveness ($r = .362$, $P < .05$); there is a positive significant relationship between participative management style and organizational effectiveness ($r = .471$, $P < .05$) and there is a positive significant relationship between paternalistic management style and organizational effectiveness ($r = .378$, $P < .05$). Hence, the prevailing management style adopted reflects the performance level of private enterprises.

5.0 Discussion of Findings

The study found that participative management style was predominantly adopted among managers of private enterprises in Eastern Nigeria. The finding suggests that employees of these private enterprises were involved in setting goals, making decisions, solving problems and making changes where necessary in the organizations. Furthermore, the paternalistic style of management was also widely in practice. This finding had the implication of patriarchal influence on business in the Igbo traditional cultural perspective, particularly in small scale enterprises where a sizable number of relatives and friends to managers constitute the workforce. Consequently, managers and employees work with team spirit in a cordial atmosphere largely due to family ties subsisting in private enterprises. However, there was no singular and exclusive management style practised in all the enterprises. There were shades of management styles adopted alongside participative and paternalistic approaches of management of private enterprises in Anambra State. This finding lends credence to the assertion of Tannenbaum and Schmidt (1973) that management styles vary due to firm characteristics such as organization type, size, business purpose, operating environment, corporate culture and heritage.

The study also found that organizational effectiveness dimensions of employee satisfaction, financial strength, public image and goodwill, growth of sales and revenue, profitability, competitive product and service, and leadership in technology were well above average in performance with respect to private enterprises. The overall mean rating was also above average in the organizational effectiveness of private enterprises in Anambra State.

This implies that the encumbrances in the business scenario notwithstanding, the existing private enterprises attain organizational effectiveness in Anambra State. The study revealed that there was a significant relationship between conservative management style and organizational effectiveness, entrepreneurial management style and organizational effectiveness, bureaucratic management style and organizational effectiveness, authoritarian management style and organizational effectiveness, participative management style and organizational effectiveness and paternalistic management style and organizational effectiveness. The finding implies that there is an association between management styles adopted and organizational effectiveness of the private enterprises in Anambra State. The finding of the present study is consistent with the propositions of Ogilvie (2000) and Pathack (2005) that management styles adopted substantially influence the performance of individual employees, work groups and organizational effectiveness.

6.0 Conclusion and Recommendations

The study concluded that different management styles were adopted in the running of private enterprises depending on the characteristics inherent in such enterprises in Anambra State. Nonetheless, participative and paternalistic management styles were the prevalent approaches and this was a reflection of traits of the people of Eastern Nigeria and close family ties among managers and employees. The study further concluded that management styles practised to a large extent are critical determinants to the level of organizational effectiveness. Based on the findings of the study, we recommended that private enterprises should adopt management styles in tandem with the achievement of set goals, cultural values and organizational peculiarities of their firms as there is no one best management style. Private enterprises should employ management styles that are people oriented, goal-oriented and task-oriented in order to foster motivation of the workforce, esprit de corps, commitment of employees to goal attainment and increase the effectiveness of private enterprises.

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