

The Role of Women's Leadership Effectiveness on Organizational Performance: A Case of Ethio Telecom in Addis Ababa

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ABSTRACT

Leadership is crucial for the success of the organization since it's difficult without effective leaders to achieve the organizational goals. However, the practice of effective leadership on improving the organizational performance in public institution is questionable. Therefore, this study aimed at investigating the role of women's leadership effectiveness towards the improvement of organizational performance. To meet this objective, samples of 125 small firms were selected from employees of Ethio telecom in Addis Ababa and analyzed using ordinary least square regression analysis. Accordingly, the finding of the study states that the current level of effectiveness of women's leadership and organizational performance is not sufficient. It's also found that the women's leadership effectiveness has a contribution for the better performance of the organizations. Among the mediators, the leadership style and individuals commitment positively mediates the relationship. Therefore, the leaders from Ethio telecom should try to adopt the transformational leadership and tend to improve the individuals performance.

Keywords: *Women; Leadership; Performance; Style; Organizational.*

1.0 Introduction

Leadership is a combination of personal traits and the ability to think and act as a leader in directing the activities of others for the good of all (Iussier, 2005). The leadership role is an extremely crucial characteristic of groups as the leader exerts influence over the other member of the group (Ivancevich 2005).

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The most fundamental role of leader is to define the organizational goal formulates plans and organizes to achieve the goals through the execution of plans (Lussier, 2005). However, developing appropriate leadership behavior to manage turbulent and uncertain environment is not very easy (İşcan *et al.*, 2014). This indicates that leadership involves more than wielding power one exercising authority and his exhibited on deferent levels (Prabu, 2012). Leadership behaviour in general and transformational leadership in particular has long been considered an important individual factor that influences performance in the workplace (Keegan and Den Hartog, 2004; Yang *et al.*, 2010).

Leadership is important in organization because without effective leaders it will be difficult for an organization to achieve their goals (Prabu, 2012). Leaders use influence to motivate followers and arrange the work environment so that they do the job more effectively (Steven, 2005).

However there is no single formal leader even in a formal group. Such a condition may exist in case of autonomous work groups self-managed teams (Ivancevich 2005). The selection of the leader depends on the personal characteristics and social and cultural factors (Bolden, 2004). Some studies found that male and female leaders do not differ in their levels of task oriented or people oriented leadership, while other studies indicate that women tend to adopt a more demonstrative leadership style (Steven, 2005).

Organizational performance is the transformation of inputs into outputs for achieving certain outcomes (Chen *et al.* 2006). To meet the needs of the highly competitive markets, organizations should increase their performance (Arslan and Staub, 2013). A large portion of the everyday discourse about leadership and leaders takes it for granted that leaders make a big difference in terms of performance (Knies *et al.*, 2016). Practically, managers all over the world are recognizing the essential role that effective leadership is important in organizational performance (Prabu, 2012). The role of leadership is critically important for achieving the performance of organizations (Peterson *et al.*, 2003) and a company's success is attributable to organizational performance (Bass and Riggio, 2006; Drucker, 2007).

Over the past 30 years, researchers have tried to establish the link between leadership and performance (Knies *et al.*, 2016). From previous studies, it has been demonstrated that an appropriate leadership style can influence the success and the economic growth of both the organizations and employees (Madanchian, *et al.* 2016). Some studies have suggested that leaders motivate and help their employees by using effective leadership styles to be competitive (Luftman *et al.*, 2004). Particularly, transformational leadership has been shown to have a positive relation, commitment, self-sacrifice and high performance from others (Lussier, 2005). A number of studies on

leadership styles (Kouzes and Posner, 2007; Yukl, 2009) propose that transformational leadership have a positive effect on the organizational performance. Apart from transactional leadership, it is strongly predicted that transformational leaders will have significant contribution to improve organizational performance (İşcan *et al.*, 2014).

Even though, the above practices were significantly contributed to the performance of the organizations, Public sector organizations in Ethiopia are being challenged to increase their performance and efficiency, modify their attitudes regarding management and leadership, and provide better service to internal clients and the public (Paulos, 2000). Theoretically, the academic literature finds it hard to find reliable evidence for a clear association, because both main concepts (leadership and performance) are broad and difficult to define and because of many confounding variables that make it difficult to demonstrate clear cause and effect (Knies *et al.*, 2016). Wang *et al.* (2005) studied the effect of transformational leadership on individual-level, team-level, and organizational-level performance. However they didn't consider the mediating role of the leadership style and employees commitment. Scholars have used different conceptualizations of the independent variable, such as transactional, transformational, and laissez-faire leadership, and/or have included several related concepts such as trust in leadership, leader-member exchange, and leadership structure (Knies *et al.*, 2016). Still, there is a lack in testing the mediating effect.

Major areas to be considered to have an important impact on setting new courses and leading organizations to high performance by leaders are the support for performance (Prabu, 2012). Even though, many studies were conducted on the subject matter, the leadership is taken as an independent variables in the relation with the organizational performance. Besides, the study considers the effectiveness of the women's leadership in different contexts. As a result, the study contributes by providing the direct and indirect role of leadership on the organizational performance. In line with this the study answered the following research questions, (1) What is the current practices of leadership in Ethio telecom (2) What is the direct role of effective leadership on organizational performance? (3) Is the leadership style moderates the relationship between women's leadership effectiveness and organizational performance?

2.0 Methodology

2.1 Research framework and design

Positivist researchers essentially employ quantitative approach and attempt to identify causal explanation and fundamental laws to explain human behavior. Post positivist researchers on the other hand strongly believe that reality is not a rigid thing

that exists in a vacuum. The research questions and purposes in this particular research leads us to qualitative approach in addition to quantitative approach due to the different reasons. To overcome the problems associated with using either of the qualitative or quantitative research approach, mixed research approach is employed. This is because, in such kind of study, the researchers applied mixed research approach, because employing mixed approach used to neutralize the biases of applying any of a single approach (Creswell, 2003). To cover the different aspects descriptive and explanatory research designs were employed. In the first case, we developed new concept by examining existing literature and observing current practices. The study also employs explanatory study in order to determine the influence of variables on organizational performance.

2.2 Sampling design and data collection instrument

The target population of this study is employees of Ethio telecom offices in Addis Ababa. All the employees working in Ethio telecom were considered as a study population and a total of 126 respondents has been selected and responded. Among the 126 selected respondents, only 92 of the questionnaire were returned. Some of the returned questionnaires were not appropriately filled and not used for analysis. Accordingly, a total of 79 questionnaire were validated and used for analysis.

To address the problems raised both primary sources of data were needed. The primary data source were obtained by using questionnaire and interview. The researchers administer survey method to collect data from the target group of small enterprises and high-tech firms. The questionnaire has three parts, from which some of them are adopted from previous studies. For instance, DeClerk (2008) and Scott and Davis (2015) states that there is no general agreement in the literature on the standards to be used in measuring the organizational performance. To provide some clarity, Richard et al. (2009) developed a multidimensional conceptualization of organizational performance, consisting of three specific areas: financial performance, product market performance and shareholder return. The objective performance measures are more reliable than subjective ones (O'Toole and Meier, 2014). Conversely Brewer (2008) argue that this will lead to a neglect of important performance dimensions (Knies et al., 2016). By taking this measures in to account, performance is measured by Sales growth, Share growth, and Employee growth rated on 7 point likert scale adopted from Kosa et al., (2018), and (Chebo and Kute, 2019) for this study. The other factors such as women's leadership effectiveness, Leadership Style, individual performance and employee commitment were developed for this study and their reliability is tested using the Cronbach's alpha.

2.3 Data and analysis

Data analysis for this study will be conducted in three stages. Firstly, the data collected using different methods were organized and displayed to create order and sensible structure. Secondly, the analysis was proceeded with the generation of key themes that was emerged from the questionnaire and interview responses. Thirdly, the empirical information collected, coded and displayed was carefully connected to the theoretical propositions and the larger body of knowledge addressing the research problem. By connecting the meanings from qualitative and quantitative information, logical analysis were be made. The analysis technique that will be employed in this study will be descriptive statistics and hierarchical regression analysis. Descriptive statistics result will be presented using mean, standard deviation, and correlation analysis.

2.4 Model specification

To test the hypotheses, hierarchical regression analysis was employed in order to capture the complex research models with regard to testing the influence of women's effective leadership on organizational performance. Accordingly the first model is given as follows;

$$OP = b_0 + b_1 * WLE + e \quad \dots (1)$$

The other tests were run to determine the mediating role of leadership style, employee commitment, and individual performance in the relationship.

$$OP = b_0 + b_1 * WLE + b_2 * LS + e \quad \dots (2)$$

$$OP = b_0 + b_1 * WLE + b_2 * EC + e \quad \dots (3)$$

$$OP = b_0 + b_1 * WLE + b_2 * IP + e \quad \dots (4)$$

The last model that includes the independent and mediating variables is given below,

$$OP = b_0 + b_1 * WLE + b_2 * LS + b_3 * EC + b_4 * IP + e \quad \dots (5)$$

Whereas; b_0 is constant and b_1 - b_4 is coefficient of independent variable, WLE is women's leadership effectiveness, OP is organizational performance, LS is leadership style, IP is individual performance, & e is error term

3.0 Analysis and Discussion

3.1 The level of organizational performance and women's leadership practices

The employees of Ethio telecom in Addis Ababa rated the performance of the organization is moderate on average. The following table depicts the descriptive statistics result mean, standard deviation, and Pearson correlations.

Table 1: Descriptive Statistics Result

Variables	Mean	St. Dev	OP	WLE	LS	EC	IP
Organizational Performance	3.7468	1.48901	1				
Women's Leadership Effectiveness	2.6076	1.64409	.587**	1			
Leadership Style	4.2405	1.17904	.612**	.651**	1		
Employee Commitment	2.4557	1.38488	.535**	.789**	.670**	1	
Individual Performance	4.2405	.97685	.554**	.530**	.673**	.686**	1

Table 1 reveals that the organizational performance in Ethio telecom is moderate, which is not strong and insufficient for further growth. Particular to women's leadership effectiveness it's at a lower level, which needs more effectiveness. Similarly, employee commitment is also at lower level, while the individual performance is moderate.

3.2 The role of women's leadership effectiveness on organizational performance

As indicated in Table 2, in all tests the women's leadership effectiveness directly and indirectly influences the organizational performance.

The below table indicates that as the women's leadership is effective, it will have positive implication the performance of the organization. Individually, all the variables leadership style, employee commitment and individual performance were positively influenced by the women's leadership effectiveness. Regarding the mediators, leadership style ($C=.363$, $p<.05$) and individual performance ($C=.371$, $p<.10$) significantly moderates the relationship. The coefficients of total effects (i.e. direct and indirect effect) are .170 when leadership style mediates, .072 when employees commitment mediates, and .117 when individual performance mediates the influence of women's leadership effectiveness on organizational performance.

Other studies also show that, there is common agreement among management scholars that the success or failure of an organization is largely a function of leadership and its styles (Edoka, 2012). For instance, Leadership behavior has long been considered an important factor that influences performance in the workplace (Keegan and Den Hartog, 2004; Yang et al., 2010). Peterson et al., (2003) states that the role of leadership is critically important for achieving the performance of organizations. Avery (2004) also states that effective leadership behaviors can facilitate the improvement of performance when organizations face these new challenges. Therefore, this study is consistent with various studies conducted on the subject matter.

Table 2: Ordinary Least Square Regression Analysis Result

		B(Std. Error)	T	Sig.
Path 1	<i>DV: Organizational performance</i> <i>R=.587 R²=.345 Sig= .000</i>			
	(Constant)	2.360(.257)	9.181	.000
	WLE	.532(.084)	6.368	.000
Path 2	<i>DV: leadership style</i> <i>R=.651 R²=.424 Sig= .000</i>			
	(Constant)	3.023(.191)	15.838	.000
	WLE	.467(.062)	7.529	.000
Path 3	<i>DV: Employees Commitment</i> <i>R=.789 R²=.623 Sig= .000</i>			
	(Constant)	.723(.181)	3.982	.000
	WLE	.665(.059)	11.270	.000
Path 4	<i>DV: Individual Performance</i> <i>R=.530 R²=.281 Sig= .000</i>			
	(Constant)	3.419(.177)	19.356	.000
	WLE	.315(.057)	5.492	.000
Path 5	<i>DV: Organizational Performance</i> <i>R=.680 R²=.463 Sig= .000</i>			
	(Constant)	.072(.640)	.113	.910
	WLE (a)	.317(.132)	2.406	.019
	LS (b)	.363(.166)	2.195	.031
	EC (c)	-.108(.175)	-.619	.538
	IP (d)	.371(.196)	1.888	.063
Total	Path 2*path 5b	.170		
	Path 3*path 5c	.072		
	Path 4*path 5d	.117		

*** $p < 0.01$ ** $p < 0.05$ * $p < 0.1$

3.3 The mediating role of leadership style and individual performance

Table 2 states that, women's leadership effectiveness has a role on the leadership style that the leaders follow and the individual's performance. In return to this influence both the chosen leadership style and individuals performance plays a positive role on the organizational performance. Particularly, the previous finding shows mixed result about the role of leadership style on the organizational performance. For instance, Tosi (1982) expected transactional leadership has significant contribution in improving organizational performance. Similarly, A number of relative studies (Waldman et al., 2001) have also reported that transformational leadership behaviors are more positively related to subordinate effectiveness in a variety of organizational settings than are

transformational behaviors. Conversely, a number of studies on leadership styles (Kouzes and Posner, 2007; Yukl, 2009) propose that the performance of the transformational leadership have a positive effect on the organizational performance. Keegan and Den Hartog, 2004 and Yang et al., 2010 argue that, transformational leadership in particular has long been considered an important individual factor that influences performance in the workplace. Some studies indicate that both transformational and transactional leadership style has positive effect on the performance of the organization. Dumdum *et al.* (2002) and Judge and Piccolo (2004) analyzed the effect of transformational and transactional leadership on performance outcomes and also found a positive effect. This study is also consistent with the finding of scholars who argue that transformational leadership influences more the organizational performance than the transactional leadership.

As the finding of various scholars argued, leaders make a big difference in terms of performance (Knies et al., 2016), both individual and organizational performance. For instance, Wang et al. (2011) states that individual performance is stronger for contextual performance. Earlier studies have also stated positive relationships between leadership and outcomes at the individual level. That means, the effectiveness of leadership will have positive implication on the individual performance, which in turn plays a role on organizational performance. Therefore, this study indicates that the individual's performance positively mediates the relationship between women's leadership effectiveness and organizational performance.

4.0 Conclusion and Recommendations

This study investigates the relationship between women's leadership effectiveness and organizational performance with testing a mediating role of the practiced leadership style, employee's commitment and individual's performance. From this, it's identified that women's effectiveness in their leadership contributes for the improvement of organizational performance. Its contribution is also goes further to the selection of leadership style, employee's commitment and individual's performance. On the other side, the more the women leaders tend to practice transformational leadership, the more the organizational performance is improved. Similarly, as the individual performance is improved form leadership effectiveness, the better the performance of the organization. By taking this finding in to account, the women leaders in Ethio telecom should try to practice the transformational leadership than the transactional one in order to improve the organizational performance. These leaders also try to improve the

individual performance through effective leadership towards improving organizational performance.

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