

A Study on Effectiveness of Leadership in a Public Sector Organization

* *H. Hema Lakshmi*

** *P. R. Sivasankar*

Abstract

As the global economy gathers pace, more public sector organizations are realizing that their main assets are their people and that remaining or becoming competitive depends increasingly on the development of a highly skilled workforce. This requires trained and committed leaders but they, in turn, need the leadership of highly effective managers and the support of other senior and middle level leaders and managers. No single leadership is effective in all situations. Many different theories of leadership have been developed through years of research with groups and organizations. It explains that the style a leader chooses depends mostly upon the group's level of readiness. That is, how willing and able the members are to take responsibility as a group. The present research article aims at analyzing the effectiveness of leadership in the public sector. The period of the study was from 2010-2011. The effectiveness of leadership in a public sector insurance giant was analyzed by working out the weighted mean and factor analysis.

Keywords: groups, leaders, organizations, responsibility, skilled workforce public sector, insurance

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The role of leaders in public sectors has changed in recent years, becoming increasingly complex and demanding. Hence, leaders require a broad range of skills and qualities in order to effectively discharge their roles and responsibilities in leading the organizations. The stakeholders in both public and private sectors at all levels are riddled with a series of problems, which include poor performance of employees, cheating, and poor attitude of employees towards their work. The leaders are blamed for non-performance of their duties and their failure to exhibit appropriate leadership behaviors to solve these perennial problems besieging most of the public sector organizations. In light of the vital and complicated role, leaders play a crucial role in helping employees and preparing them to face the new challenges; the notion of a shortage of effective leaders is a serious problem. Even without this potential future shortage, many public sector organizations are faced with the difficult task of finding quality leaders. The quality of available candidates for public sector organizational leadership vacancies is a more serious problem than the quantity of leaders.

Need for the Study

Attracting effective leaders and practicing effective leadership qualities for sustainable improvement of working environments are currently exercising the minds of business systems around the world. As the role of the leaders becomes more complex, finding enough people willing to lead, work, and learn, organizing maintenance of infrastructure facilities, balancing budgets, developing and maintaining effective relationships, dealing with disciplinary issues, meeting accountability requirements, and maintaining a family and personal life may be one of the most critical issues for most of the employees in public sector organizations.

The effectiveness of leadership in public sectors would be useful to understand the effectiveness of leadership styles and would lead to improved managerial decisions that would improve the leadership effectiveness. The

* *Assistant Professor*, St. Ann's College of Engineering & Technology, Nayunipalli, Vetapalem, Chirala – 523 187, Andhra Pradesh. E-mail : hema.vajjala@gmail.com,

** *Prof & HOD*, Department of Commerce, VSU PG Centre, Kavali, Andhra Pradesh. E-mail: pr_sivasankar@yahoo.co.in

subordinates' perception about their superiors' leadership patterns as against the self-perception of leaders themselves would be helpful to understand the differences between leadership pattern as perceived by them and would lead to reduce or eliminate the gaps in perceptions about leadership styles.

Literature Review

Leadership has an effect on both performance and viability of the organizations. Viability entails members' satisfaction, participation, and willingness to continue working together. Performance and viability issues clearly corresponded to the dual problems of productivity and human resource costs. This investigation focused on the performance aspect of team effectiveness, measuring, and comparing completion times to solve programming problems (Sundstrom, De Meuse, & Futrell, 1990). Leadership effectiveness has also been broadly linked with communication effectiveness and this was reflected in some conceptual overlap across measures of leadership behavior and communication style in the leadership literature. Effective personal communication skills allowed leaders to create and disseminate a compelling vision for followers, a central component of charisma. Effective leaders may tend to communicate using more metaphors, symbols, imagery, and persuasive argumentation to sway others to accept their position and may also influence the performance of the employees (Locke et al., 1991). Effective leadership has a positive influence on the performance of organizations. Ultimately, it is the performance of many individuals that culminates in the performance of the organization, or in the achievement of organizational goals. Effective leadership is instrumental in ensuring organizational performance. As a result, many leadership theories have been proposed in the last fifty years, which were claimed to have influenced the overall effectiveness of the organizations where they had been employed (Charlton, 2000).

At times, the achievement in organizational performance was the outcome of prosperous and conscious leadership, while it, at other times, may be the outcome of poor and deficient leadership. Effective leadership has an impact on corporate decision making and business behavior in the organizations (Svensson & Wood, 2006). Diversified leadership roles influenced both leadership effectiveness and team trust; both leadership effectiveness and propensity to trust influenced team trust, and team trust in turn directly impacts team effectiveness. In addition, team trust mediated the relationship between leadership effectiveness and team effectiveness (Chen, Wu, Yang, & Tsou, 2008). There was a positive and significant correlation between each of the independent variables and employees' performance, while leadership effectiveness had the strongest correlation with employees' performance among other variables. This suggested that leadership effectiveness was the most influential variable on employees' performance when compared with work motivation and time management (Shadare & Ayo, 2009).

Objective of the Study

↳ To evaluate the effectiveness of leadership as perceived by the employees with reference to an Indian life insurance public sector giant.

Methodology

The primary and secondary data were collected from the sources of the selected organization and their employees covering the districts of Coastal Andhra Pradesh. Among the different districts of Andhra Pradesh, the coastal Districts of Guntur, Krishna, Nellore, and Prakasam were purposively selected for the present study. There are 34 branches of the organization in the above mentioned districts with 2300 employees. The employees were selected by adopting stratified random sampling technique. The sample size for the present study was determined by using the following formula:

$$n = [t^2 \times p(1-p)] / m^2$$

300 employees participated in the study. Thus, the total sample size for the present study is 300. The data was collected by using a pre-tested schedule by using the following 35 statements.

↳ **Tools for Data Analysis :** The leadership styles were measured on the 5- point scale ranging from *highly effective* to *ineffective*.

Results and Discussion

↳ **Socioeconomic Characteristics of Employees :** The following Table 1 shows the socioeconomic characteristics of the employees of the concerned organization.

Table 1. Socioeconomic Characteristics of the Employees

Variables	Respondents(N =300) (%)	Variables	Respondents(N =300) (%)
Gender		Educational Qualification	
Male	240 (80.00)	Secondary	20 (6.67)
Female	60 (20.00)	Higher Secondary	30 (10.00)
Age(years)		Graduates	88 (29.33)
21-25 years	20 (6.67)	Post Graduates	142 (47.33)
26-30 years	40 (13.33)	Diploma	8 (2.67)
31-35 years	48 (16.00)	Professional	12 (4.00)
36-40 years	100 (33.33)	Monthly Income (₹)	
41-50 years	80 (26.67)	₹ 10001- ₹ 15000	14 (4.67)
>50 years	12 (4.00)	₹ 15001- ₹ 20000	24 (8.00)
Designation		₹ 20001- ₹ 25000	64 (21.33)
HGA	100 (33.33)	₹ 25001- ₹ 30000	76 (25.33)
AAO	68 (22.67)	₹ 30001- ₹ 35000	72 (24.00)
AO	36 (12.00)	> ₹ 35000	50 (16.67)
Assistant	84 (28.00)	Marital Status	
DO	8 (2.67)	Married	268 (89.33)
BM	4 (1.33)	Unmarried	32 (10.67)

Source: Primary Data

↳ **Effectiveness of Leadership :** The effectiveness of leadership was analyzed by working out the weighted mean and *t* -test, and the results are presented in the Table 2. The results show that "leadership improves the interpersonal relation between the employees," "resolves the strategic differences with the management," and is highly effective. "Leadership is molding the staff appropriately," it "helps in follow-through functions," "eases the adaptability among the employees," and "contributes significantly in employees' development." "Leadership increases the employees' commitment to the organization," "decides the training and development needs of the employees," "gives and expects responsibility from the employees," and "maintains discipline among the employees."

"Leadership creates a positive attitude among the employees about their work and their organization," and "creates awareness among the employees about their work and changes," and is "effective" as perceived by the employees of the concerned organization. The results also indicate "leadership contributes in strategy formulation," "increases the involvement of the employees," "helps in formation of mission statements," and "improves the quality of the decision-making processes." "Leadership provides opportunities for career development of the employees," "improves the work culture within the organization," and "has a productive relationship with all stakeholders." "Leadership thinks about the employees' welfare," "enhances the productivity of the employees," and "increases the work efficiency of the employees." "Leadership is important for effective communication among the employees," "improves the personality of the employees, encourages teamwork," and was moderately effective as perceived by the employees. "Leadership creates over dependence," "provides consistency," "enhances organizational behavior," "assists in learning processes," and "encourages creativity among employees." "Leadership accepts innovative thinking from the employees," "provides empowerment to the employees," "creates job satisfaction among the employees," and "acts as a catalyst for organizational change" were ineffective as perceived by the employees.

Table 2. Effectiveness of Leadership in the Sample Organization

Effectiveness of Leadership Styles	Sample Organization	
	Weighted Mean	Status
Leadership improves the interpersonal relation between the employees.	4.86	HE
Leadership is molding the staff.	3.84	E
Leadership contributes in strategy formulation.	2.75	ME
Leadership helps in follow-through functions.	4.12	E
Leadership creates over dependence.	2.15	IE
Leadership resolves the strategic differences with the management	4.82	HE
Leadership increases the involvement of the employees.	2.57	ME
Leadership provides consistency.	2.37	IE
Leadership eases the adaptability among the employees.	3.83	E
Leadership helps in formation of mission statements.	3.32	ME
Leadership improves the quality of decision making processes.	2.85	ME
Leadership enhances good organizational behaviour.	2.20	IE
Leadership assists in learning processes.	2.18	IE
Leadership contributes significantly in employees' development.	3.81	E
Leadership provides opportunities for career development of employees.	3.16	ME
Leadership improves the work culture of the organization.	2.96	ME
Leadership increases the employees' commitment to the organization.	3.84	E
Leadership encourages the creativity of the employees.	1.71	IE
Leadership accepts innovative thinking from the employees.	1.73	IE
Leadership empowers the employees.	1.84	IE
Leadership has a productive relationship with all the stakeholders.	2.84	ME
Leadership creates job satisfaction among the employees.	1.64	IE
Leadership decides the training and development needs of the employees.	4.08	E
Leadership concentrates on the employees' welfare.	2.93	ME
Leadership gives and expects responsible behaviour from the employees.	3.59	E
Leadership enhances the productivity of the employees.	3.15	ME
Leadership increases the work efficiency of the employees.	2.81	ME
Leadership acts as a catalyst for organizational change.	1.59	IE
Leadership is important for effective communication among the employees.	3.16	ME
Leadership maintains discipline among the employees.	3.89	E
Leadership improves the personality of the employees.	2.85	ME
Leadership is functioning with ethical values.	3.49	ME
Leadership creates a positive attitude among the employees about their work and organization.	3.60	E
Leadership creates awareness among the employees about their work and changes.	3.85	E
Leadership encourages teamwork.	3.37	ME

Source: Primary & Computed Data

Note: HE=Highly Effective if Weighted Mean is 5.00; E=Effective if Weighted Mean is 4.00 ;

ME=Moderately Effective if Weighted Mean is 3.00; IE=Ineffective if weighted mean is 2.00.

✎ **Factor Analysis for Effectiveness of Leadership :** In order to study the effectiveness of leadership in the concerned organization, the factor analysis method was employed. The principal component method of factor analysis was carried out with Eigen value greater than one through varimax rotation and the results obtained through the rotated

component matrix are presented in the Table 3. There are ten independent groups that were extracted, which account for a total of 89.44% of the variations on the 35 variables of effectiveness of leadership styles. The ten factors (each) contribute 17.66%, 16.88%, 15.20%, 8.41%, 6.31 %, 5.91%, 5.34%, 5.04%, 4.64%, and 4.05% to the variations respectively.

Factor 1 : From the Table 3, it is inferred that out of the 35 items of effectiveness of leadership styles, eight variables have high and relatively tightly grouped factor loadings on Factor 1. This factor consists of:

- ↗ Leadership improves the work culture of the organization (0.61).
- ↗ Leadership increases the employees' commitment to the organization (0.67).
- ↗ Leadership encourages the creativity of the employees (0.80).
- ↗ Leadership accepts innovation from the employees (0.90).
- ↗ Over dependence empowers the employees (0.91).
- ↗ Leadership has a productive relationship with all the stakeholders(0.91).
- ↗ Leadership gives and expects responsible behaviour from the employees(0.75).
- ↗ Leadership is important for effective communication among the employees(0.57).

Hence, this factor is named as **Organizational Climate**.

Factor 2 : Is formed with:

- ↗ Leadership creates job satisfaction among the employees (0.81).
- ↗ Leadership decides the training and development needs of the employees (0.84).

Table 3. Factor Analysis for Effectiveness of Leadership in the Sample Organization

Effectiveness of Leadership Styles	Rotated Factor Loadings on									
	Factor I	Factor II	Factor III	Factor IV	Factor V	Factor VI	Factor VII	Factor VIII	Factor IX	Factor X
Leadership improves the interpersonal relation between the employees.									.84	
Leadership is molding the staff.				.90						
Leadership contributes in strategy formulation.				.64						
Leadership helps in follow-through functions.			.64							
Leadership creates over dependence.				.59						
Leadership resolves the strategic differences with the management.				.73						
Leadership increases the involvement of the employees.										.71
Leadership provides consistency.							.67			
Leadership eases the adaptability among the employees.			.86							
Leadership helps in formation of mission statements.			.82							
Leadership improves the quality of decision making processes.			.86							
Leadership enhances good organizational behaviour.								.88		
Leadership assists in learning processes.			.84							
Leadership contributes significantly in employees' development.			.80							
Leadership provides opportunities for career development of employees.				-.60						
Leadership improves the work culture of the organization.	.61									
Leadership increases the employees' commitment to the organization.	.67									
Leadership encourages the creativity of the employees.	.80									

Leadership accepts innovative thinking from the employees.	.90									
Leadership empowers the employees.	.91									
Leadership has a productive relationship with all the stakeholders.	.91									
Leadership creates job satisfaction among the employees.		.81								
Leadership decides the training and development needs of the employees.		.84								
Leadership concentrates on the employees' welfare.		.69								
Leadership gives and expects responsible behaviour from the employees.	.75									
Leadership enhances the productivity of the employees.					.77					
Leadership increases the work efficiency of the employees.	.84									
Leadership acts as a catalyst for organizational change.					.87					
Leadership is important for effective communication among the employees.	.57									
Leadership maintains discipline among the employees.		.91								
Leadership improves the personality of the employees.		.86								
Leadership is functioning with ethical values.							.71			
Leadership creates a positive attitude among the employees about their work and organization.		.72								
Leadership creates the awareness among the employees about their work and organization.						.83				
Leadership encourages teamwork.						.78				
Eigen Value	6.70	5.41	2.77	2.62	2.14	1.82	1.45	1.28	1.09	1.05
% of Variance	17.66	16.88	15.20	8.41	6.31	5.91	5.34	5.04	4.64	4.05
Cumulative % of Variance	17.66	34.54	49.74	58.15	64.46	70.37	75.71	80.75	85.39	89.44
Cronbach's Alpha	0.92									

Source: Primary & Computed Data

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 14 iterations.

- ↳ Leadership concentrates on the employees' welfare (0.69).
- ↳ Leadership increases the work efficiency of the employees (0.84).
- ↳ Leadership maintains discipline among the employees (0.91).
- ↳ Leadership improves the personality of the employees (0.86).
- ↳ Leadership creates a positive attitude among the employees about their work and organization (0.72).

Hence, this factor is named as **Comfortability**.

Factor 3 : This factor includes:

- ↳ Leadership helps in follow-through functions (0.64).
- ↳ Leadership eases the adaptability among the employees (0.86).
- ↳ Leadership helps in formation of mission statements (0.82).
- ↳ Leadership improves the quality of decision making processes (0.86).
- ↳ Leadership assists in learning processes (0.84).
- ↳ Leadership contributes significantly in employees' development (0.80).

This factor is named as **Dynamism**.

Factor 4 : This factor is formed with:

- ↳ Leadership is molding the staff (0.90).
- ↳ Leadership contributes in strategy formulation (0.64).
- ↳ Leadership creates over dependence (0.59).
- ↳ Leadership resolves the strategic differences with the management (0.73).
- ↳ Leadership provides opportunities for career development of the employees (-0.60).

This factor is named as **Development**

Factor 5 : This factor includes:

- ↳ Leadership enhances the productivity of the employees (0.77).
- ↳ Leadership acts as a catalyst for organizational change (0.87).

The factor is named as **Enhancement**

Factor 6 : This factor includes:

- ↳ Leadership creates awareness among the employees about their work and changes (0.83).
- ↳ Leadership encourages teamwork (0.78).

This factor is named as **Coordination**.

Factor 7 : This factor includes:

- ↳ Leadership provides consistency (0.67).
- ↳ Leadership is functioning with ethical values (0.71).

This factor is named as **Values**.

Factor 8 : This factor includes:

- ↳ Leadership enhances the organizational behaviour (0.88).

This factor is named as **Organizational Behaviour**.

Factor 9 : This factor includes:

- ↳ Leadership improves the interpersonal relations between the employees (0.84).

This factor is named as **Interpersonal Relationships**.

Factor 10 : This factor includes:

- ↳ Leadership increases the involvement of the employees (0.71).

The factor is named as **Involvement**.

The Cronbach's alpha of the scale is 0.92, indicating that each measure demonstrated acceptable internal consistency.

Conclusion

A public sector organization is assumed to operate in a different way than a private sector organization. Leadership is an important and crucial variable that leads to enhanced management capacity as well as organizational performance. The leaders in public sector organizations need to achieve several objectives like reduction in inter-regional disparities, earning a reasonable rate of return for generating surpluses for further investment, building infrastructure for development, generation of employment opportunities, diversification of the economy, and promotion of rapid economic growth. A public sector enterprise may be defined as any commercial or industrial undertaking owned and managed by the government with a view to maximize social welfare and uphold the public interest. In order to improve the leadership in the public sector, leaders should prescribe the behavioral expectations from the employees through formalization of rules and regulations precisely, and they should be responsible for standardized decision making. Besides, leaders should have a commitment to experimentation and individual initiative. For improving the quality of leadership practices, employees' ideas and inputs must be sought for upcoming plans, and a suitable

environment must be created where the employees take ownership of the plans and projects and then participate in the decision-making process. Employees should be allowed to determine what needs to be done and how to do it. The supervisor should take time to listen to the employees and should provide them with sufficient information related to their work.

In order to improve the effectiveness in an organization, the leader must involve the employees in strategy formulation and decision-making. Leaders should encourage employee empowerment and create job satisfaction among the employees. Leadership should act as a catalyst for organizational change. A leader is responsible for effective communication and should see to it that the teams are working with ethical values. Besides, leadership should assist the employees in their learning processes, and should also take various initiatives for the welfare and career growth of the employees.

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