

**ST. MARY'S UNIVERSITY COLLEGE  
BUSINESS FACULTY  
DEPARTMENT OF MANAGMENET**

**AN ASSESSMENT OF LABOUR UNION LEADERSHIP PRACTICES  
IN ELFORA AGRO INDUSTRY PLC  
AT MIDROC ETHIOPIA**

**BY  
BETHELEHEM NEGUSSU**

**JUNE 2011  
SMUC  
ADDIS ABAB**

**AN ASSESSMENT OF LABOUR UNION LEADERSHIP PRACTICES  
IN ELFORA AGRO INDUSTRY PLC  
AT MIDROC ETHIOPIA**

**A SENIOR ESSAY SUBMITTED  
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**APPROVED BY THE COMMITTEE OF EXAMINERS**

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Advisor

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Internal Examiner

\_\_\_\_\_  
Signature

\_\_\_\_\_  
External Examiner

\_\_\_\_\_  
Signature

## DECLARATION

We, the undersigned, declare that this senior project is my original work, prepared under the guidance of Ato Wondafrash Mulatu, All sources of materials used for the manuscript have been duly acknowledged.

Name: BETHLEHEM NEGUSSU

Signature: \_\_\_\_\_

Place of Submission: DEPARTMENT OF MANAGEMENT

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## CHAPTER ONE

### I. INTRODUCTION

#### 1.1 Background of the Study

At the very beginning, the workers' movement in Ethiopia was rather corporative, taking the form of the traditional Ethiopian organizations, such as “ekub” and “edir”, local self-help societies that provide services and mutual aid and protection of the interest of their members. One of the first workers' organization with the pattern of a modern trade union was the “Franco-Ethiopian Railway Company Workers' Association”, founded in 1947. But it was not before 1961 that the first union was registered under the Civil Code (Civil Code Proclamation, No. 165/1960). In 1963 the first formal labour law (on collective labour relations) was established with the “Labour Relations Proclamation No. 210/1963”.

This proclamation recognized the rights of associations of employers and workers, as well as a system of collective bargaining, and it set up machinery for the settlement of trade disputes – the Labour Relation Board. Consecutively, in 1963 the “Federation of Employers of Ethiopia”, and in 1964 the “Confederation of Ethiopian Labour Unions” – CELU, were founded. However, individual labour relations were treated exclusively like any other service contract according to the regulations of the Civil Code.

During the Dergue period (1974-91) as part of the socialist order of state and society, labour law was based on the public ownership of the means of production and was subject to central planning and central management. The Labour Proclamation No. 64 of 1975 superseded the imperial Labour Relations Proclamation, and contained almost all provisions of a socialist labour law. There

was no autonomy with regard to the conclusion of collective agreements as a form of independent control over working life exercised by freely constituted trade unions. There were no employers' organizations, and no contractual freedom between employer and employee; until recently, the main source of labour law, the Labour Proclamation, Proclamation No. 42/1993, was developed in the post-socialist time, marking the overcoming of the centralized state-economy towards a market oriented, pluralistic society. (Monika M. Sommer, 2003, pp 4)

Labour Unions never have been given the appropriate freedom in order for them to play the role they are supposed to play in our country. The different governments' focus was to make the Unions compromise their structure for politically affiliated agendas rather than to work on the underlying problems of workers. In the Derg regime for instance, "the government maintained the AETU's purpose was to educate workers about the need to contribute their share to national development by increasing productivity and building socialism." (Wubne, Mulatu, 1991).

Capital learned that MIDROC's management has proposed to the employees working in all the 8 Elfora branches around the country to be represented by the National Agricultural Plantation and Fishery Agro-industry Federation, so as to be united under the umbrella one trade union, as of July 8, 2004.

Employees of Elfora Addis Ababa meat processing, Elfora Kombolcha Food Processing factory, and Elfora Gondar Meat Factory were previously organized under the Ethiopian Food and Beverage and related Federation

ELFORA is the largest Livestock Company in Ethiopia established in 1997 by acquiring eight (8) Livestock Enterprises from the Federal Government of Ethiopia through the privatization process.

ELFORA was established with the vision on “MIDROC’s quality products and sustained services to every customer and user.”

The labor union of ELFORA Agro-Industries tries to balance the relationship between employees and the organization. Since ELFORA Agro-Industries has a written and well defined policy the employee’s as well as ELFORA Agro-Industries are bonded on the policy. If an employee goes beyond the policy, ELFORA Agro-Industries will make an act towards it

## **1.2 Statement of the Problem**

There is more conceptual confusion about influence processes than any other face of labour union leadership. Terms such as influence, power, and authority have been conceptualized in different ways by different writers, and are often used without any explicit definition. The ELFORA Agro-Industries PLC labor legislation is seen or expressed by many of its employees as grievance. Significant number of employees’ compliant regarding mistreatment made by leaders at the ELFORA Agro-Industries PLC.

## **1.3 Research Questions**

This research is intended to study and assess the ELFORA Agro-Industries PLC labour unions leadership activities and to develop an appropriate system for internal control. The research has tried to answer the following basic questions while developing the system.

1. How do they exercise labour union to achieve organizational goal?
2. Which source of labour union are leaders good at leverage?
3. Which source of labour union is relevant for leaders to leverage?
4. How do workers perceive power?

## **1.4 Objectives of the Study**

### **1.4.1 General Objective**

The General Objective of the study was an assessment of labour union leadership practices in ELFORA agro industry plc at MIDROC Ethiopia.

### **1.4.2 Specific Objectives**

1. How labour union leadership is perceived within the organizations.
2. Which source of labour union is critical for leaders.
3. How Leaders influence labour union leadership.
4. The best practices and approach of convincing employees to accept the labour union as an essential part of leadership.

## **1.5 Significant of the Study**

The proposal paper has been provided the following important contribution to ELFORA Agro-Industries PLC.

1. How leaders use labour union and how can they improve their leadership through effective use of labour union power.
2. How the organization see labour union leverage.
3. Which source of labour union is necessary to the organization?

## **1.6 Delimitation of the Study**

The scope of this study is limited only to the issues of labour union leadership and its application at ELFORA Agro-Industries PLC. Mainly focuses on its Head Office at Gurdshola, in Addis Ababa.

## **1.7 Definition of Terms**

Labor Union; - as an organization of employees that uses collective action to advance its members interest in regard to wages and working conditions.

## **1.8 Research Design and Methodology**

### **1.8.1 Research Design**

The research was descriptive type of research technique to describe the leverage of leaders of the ELFORA Agro-Industries PLC and a simple random sampling technique to gather relevant information and to identify problems. Both primary and secondary data sources have been used to show labor union leadership of ELFORA Agro-Industries PLC.

### **1.8.2 Population and Sampling Technique**

The targeted ELFORA Agro-Industries PLC staff population to be considered are accounts around one thousand one hundred forty (1,140) employees. Out of this total population size, the research was considered only one hundred fourteen (114) or (10%) of the selected the total number.

For the sake of convenience and credibility of the data, this research has used is Simple Random Sampling Technique in order to have fair chances to the total selected population

### **1.8.3 Types of Data Collection**

The research has used both primary and secondary data. The primary data consists of qualitative and quantitative data. The qualitative data were collected from the leaders of ELFORA Agro-Industries PLC. The secondary data were collected from

literature review from the PLC records, reports, publications and magazines to substantiate the information obtained from the first hand source.

#### **1.8.4 Methods of Data Collection**

The main data gathering instruments were used by developing and distributing questionnaires and making interviews. It is assumed that we can reach to large number of respondents at a given time. The researcher was also believed that the qualitative data obtained through interview has supplement the data obtained through questionnaire.

#### **1.8.5 Data Analysis Methods**

In the analysis of results that was obtained through questionnaires, descriptive research methods, like percentage ratio, was used. For sampling technique this study has implemented the Simple Random Sampling Technique.

### **1.9 Organization of the Study**

This research is presented in Four Chapters. The first chapter deals on Introductory. The second Chapter focuses on the Review of Literatures. The third Chapter focused on Findings and Analysis of Data Collected. The final Chapter deals with Summary, Conclusion and Recommendations.

## **CHAPTER TWO**

### **II LITRATURE REVIEW**

#### **2.1 Leadership and Power**

##### **2.1.1 Definition of Leadership**

Leadership has been described as the “process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. A definition more inclusive of followers comes from Alan Keith of Genentech who said "Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen."

Leadership is the ability to work effectively in a group, to make a positive contribution to the group process and to stimulate and motivate others to function as a team, as well as to achieve common objectives and solve common problems.

#### **1.2 Theories of Leadership**

##### **a. Trait Theory**

Trait theory tries to describe the types of behavior and personality tendencies associated with effective leadership. This theory using such approach to identify the talents, skills and physical characteristics of men who arose to power. Ronald Heifetz (1994) traces the trait theory approach back to the nineteenth-century tradition of associating the history of society to the history of great men.

##### **b. Behavioral and Style Theories**

In response to the criticism of the trait approach, theorists began to research



leadership as a set of behaviors, evaluating the behavior of 'successful' leaders, determining behavior taxonomy and identifying broad leadership styles. David McClelland, for example, saw leadership skills, not so much as a set of traits, but as a pattern of motives. He claimed that successful leaders will tend to have a high need for power, a low need for affiliation, and a high level of what he called activity inhibition (one might call it self-control).

Kurt Lewin, Ronald Lipitt, and Ralph White developed in 1939 the seminal work on the influence of leadership styles and performance. The researchers evaluated the performance of groups of eleven-year-old boys under different types of work climate. In each, the leader exercised his influence regarding the type of group decision making, praise and criticism (feedback), and the management of the group tasks (project management) according to three styles:

1. Authoritarian,
2. Democratic and
3. Laissez-faire

Authoritarian were characterized by leaders who make decisions alone, demand strict compliance to his orders, and dictate each step taken; future steps were uncertain to a large degree. The leader is not necessarily hostile but is aloof from participation in work and commonly offers personal praise and criticism for the work done.

Democratic were characterized by collective decision processes, assisted by the leader. Before accomplishing tasks, perspectives are gained from group discussion and technical advice from a leader. Members are given choices and collectively decide the division of labor. Praise and criticism in such an environment are objective, fact minded and given by a group member without necessarily having

participated extensively in the actual work.

Laissez faire gave freedom to the group for policy determination without any participation from the leader. The leader remains uninvolved in work decisions unless asked, does not participate in the division of labor, and very infrequently gives praise. The results seemed to confirm that the democratic climate was preferred.

### **c. Situational and Contingency Theories**

Situational theory also appeared as a reaction to the trait theory of leadership. Social scientists argued that history was more than the result of intervention of great men as Carlyle suggested. Herbert Spencer (1884) said that the times produce the person and not the other way around. This theory assumes that different situations call for different characteristics; according to this group of theories, no single optimal psychographic profile of a leader exists. According to the theory, "what an individual actually does when acting as a leader is in large part dependent upon characteristics of the situation in which he functions."

Some theorists started to synthesize the trait and situational approaches. Building upon the research of Lewin et al., academics began to normalize the descriptive models of leadership climates, defining three leadership styles and identifying in which situations each style works better. The Authoritarian Leadership style, for example, is approved in periods of crisis but fails to win the "hearts and minds" of their followers in the day-to-day management; the Democratic Leadership Style is more adequate in situations that require consensus building; finally, The Laissez-faire Leadership style is appreciated by the degree of freedom it provides, but as the leader does not "take charge", he can be perceived as a failure in protracted or thorny organizational problems. Thus, theorists defined the style of leadership as contingent to the situation, which is sometimes, classified as contingency theory. Four

contingency leadership theories appear more prominently in the recent years: Fiedler contingency model, Vroom-Yetton decision model, the path-goal theory, and the Hersey-Blanchard situational theory.

The Fiedler contingency model bases the leader's effectiveness on what Fred Fiedler called situational contingency. This results from the interaction of leadership style and situational favorableness (later called "situational control").

The situational leadership model proposed by Hersey and Blanchard suggests four leadership-styles and four levels of follower-development. For effectiveness, the model posits that the leadership-style must match the appropriate level of followership-development. In this model, leadership behavior becomes a function not only of the characteristics of the leader, but of the characteristics of followers as well.

#### **d. Functional Theory**

Functional leadership theory (Hackman & Walton, 1986; McGrath, 1962) is a particularly useful theory for addressing specific leader behaviors expected to contribute to organizational or unit effectiveness. This theory argues that the leader's main job is to see that whatever is necessary to group needs is taken care of; thus, a leader can be said to have done their job well when they have contributed to group effectiveness and cohesion (Fleishman et al., 1991; Hackman & Wageman, 2005; Hackman & Walton, 1986). While functional leadership theory has most often been applied to team leadership (Zaccaro, Rittman, & Marks, 2001), it has also been effectively applied to broader organizational leadership as well (Zaccaro, 2001).

Klein, Zeigert, Knight, and Xiao (2006) observed five broad functions a leader perform when promoting organization's effectiveness. These functions include:

1. environmental monitoring,
2. organizing subordinate activities,
3. teaching and coaching subordinates,
4. motivating others, and
5. Intervening actively in the group's work.

A variety of leadership behaviors are expected to facilitate these functions. In initial work identifying leader behavior, Fleishman (Fleishman, 1953) observed that subordinates perceived their supervisors' behavior in terms of two broad categories referred to as consideration and initiating structure. Consideration includes behavior involved in fostering effective relationships.

**e. Transactional and Transformational Theories**

The transactional leader is given power to perform certain tasks and reward or punish for the team's performance. It gives the opportunity to the manager to lead the group and the group agrees to follow his lead to accomplish a predetermined goal in exchange for something else. Power is given to the leader to evaluate, correct and train subordinates when productivity is not up to the desired level and reward effectiveness when expected outcome is reached. (Burns, 1978)

The transformational leader motivates its team to be effective and efficient. Communication is the base for goal achievement focusing the group on the final desired outcome or goal attainment. This leader is highly visible and uses chain of command to get the job done. Transformational leaders focus on the big picture, needing to be surrounded by people who take care of the details. The leader is always looking for ideas that move the organization to reach the company's vision. (Burns, 2008)

### **2.3 Leadership in Organizations**

An organization that is established as an instrument or means for achieving defined objectives has been referred to as a formal organization. Its design specifies how goals are subdivided and reflected in subdivisions of the organization. Divisions, departments, sections, positions, jobs, and tasks make up this work structure. Thus, the formal organization is expected to behave impersonally in regard to relationships with clients or with its members. According to Weber's definition, entry and subsequent advancement is by merit or seniority. Each employee receives a salary and enjoys a degree of tenure that safeguards him from the arbitrary influence of superiors or of powerful clients. The higher his position in the hierarchy, the greater his presumed expertise in adjudicating problems that may arise in the course of the work carried out at lower levels of the organization. It is this bureaucratic structure that forms the basis for the appointment of heads or chiefs of administrative subdivisions in the organization and endows them with the authority attached to their position.

In contrast to the appointed head or chief of an administrative unit, a leader emerges within the context of the informal organization that underlies the formal structure. The informal organization expresses the personal objectives and goals of the individual membership. Their objectives and goals may or may not coincide with those of the formal organization. The informal organization represents an extension of the social structures that generally characterize human life — the spontaneous emergence of groups and organizations as ends in themselves.

In prehistoric times, man was preoccupied with his personal security, maintenance, protection, and survival. Now man spends a major portion of his waking hours working for organizations. His need to identify with a community that provides security, protection, maintenance, and a feeling of belonging continues unchanged

from prehistoric times. This need is met by the informal organization and its emergent, or unofficial, leaders.

Leaders emerge from within the structure of the informal organization. Their personal qualities, the demands of the situation, or a combination of these and other factors attract followers who accept their leadership within one or several overlay structures. Instead of the authority of position held by an appointed head or chief, the emergent leader wields influence or power. Influence is the ability of a person to gain cooperation from others by means of persuasion or control over rewards. Power is a stronger form of influence because it reflects a person's ability to enforce action through the control of a means of punishment.

A leader is a person who influences a group of people towards a specific result. It is not dependent on title or formal authority. (Elevos, paraphrased from Leaders, Bennis, and Leadership Presence, Halpern & Lubar). Leaders are recognized by their capacity for caring for others, clear communication, and a commitment to persist. An individual who is appointed to a managerial position has the right to command and enforce obedience by virtue of the authority of his position. However, he must possess adequate personal attributes to match his authority, because authority is only potentially available to him. In the absence of sufficient personal competence, a manager may be confronted by an emergent leader who can challenge his role in the organization and reduce it to that of a figurehead. However, only authority of position has the backing of formal sanctions. It follows that whoever wields personal influence and power can legitimize this only by gaining a formal position in the hierarchy, with commensurate authority. Leadership can be defined as one's ability to get others to willingly follow. Every organization needs leaders at every level.

## **2.4 Leadership Vs Management**

Over the years the terms management and leadership have been so closely related that individuals in general think of them as synonymous. However, this is not the case even considering that good managers have leadership skills and vice-versa. With this concept in mind, leadership can be viewed as:

- centralized or decentralized
- broad or focused
- decision-oriented or morale-centered
- intrinsic or derived from some authority

Hersey and Blanchard use this approach: they claim that management merely consists of leadership applied to business situations; or in other words management forms a subset of the broader leadership process. They say: "Leadership occurs any time one attempts to influence the behavior of an individual or group, regardless of the reason. Management is a kind of leadership in which the achievement of organizational goals is paramount." And according to Warren Bennis and Dan Goldsmith, A good manager does things right. A leader does the right things."

However, a clear distinction between management and leadership may nevertheless prove useful. This would allow for a reciprocal relationship between leadership and management, implying that an effective manager should possess leadership skills, and an effective leader should demonstrate management skills. One clear distinction could provide the following definition:

Abraham Zaleznik (1977), for example, delineated differences between leadership and management. He saw leaders as inspiring visionaries concerned about substance while managers he views as planners who have concerns with process. Warren

Bennis (1989) further explicated a dichotomy between managers and leaders. He drew twelve distinctions between the two groups:

- Managers administer; leaders innovate.
- Managers ask how and when; leaders ask what and why.
- Managers focus on systems; leaders focus on people.
- Managers do things right; leaders do the right things.
- Managers maintain; leaders develop.
- Managers rely on control; leaders inspire trust.
- Managers have short-term perspective; leaders have long-term perspective.
- Managers accept the status-quo; leaders challenge the status-quo.
- Managers have an eye on the bottom line; leaders have an eye on the horizon.
- Managers imitate; leaders originate.
- Managers emulate the classic good soldier; leaders are their own person.
- Managers copy; leaders show originality.

## **2.5 Definition of Power**

Power is a measure of an entity's ability to control the environment around itself, including the behavior of other entities. The term authority is often used for power, perceived as legitimate by the social structure. Power can be seen as evil or unjust, but the exercise of power is accepted as endemic to humans as social beings.

### **2.5.1 Balance of Power**

Because power operates both relationally and reciprocally, sociologists speak of the balance of power between parties to a relationship: all parties to all relationships have



some power: the sociological examination of power concerns itself with discovering and describing the relative strengths: equal or unequal, stable or subject to periodic change. Sociologists usually analyze relationships in which the parties have relatively equal or nearly equal power in terms of constraint rather than of power. Thus 'power' has a connotation of unilateralism. If this were not so, then all relationships could be described in terms of 'power', and its meaning would be lost.

### **2.5.2 Types and sources of power**

Power may be held through:

- Delegated authority (for example in the democratic process)
- Social class (material wealth can equal power)
- Personal or group charisma
- Ascribed power (acting on perceived or assumed abilities, whether these bear testing or not)
- Expertise (Ability, Skills) (the power of medicine to bring about health; another famous example would be "in the land of the blind, the one-eyed man is king" - Desiderius Erasmus)
- Persuasion (direct, indirect, or subliminal)
- Knowledge (granted or withheld, shared or kept secret)
- Money (financial influence, control of labour, control through ownership, etc)
- Fame
- Force (violence, military might, coercion).
- Moral persuasion (including religion)
- Operation of group dynamics (such as public relations)
- Social influence of tradition (compare ascribed power)
- In relationships; domination/submissiveness

### **2.5.3 Seven bases of power**

Social psychologists French and Raven, in a now-classic study (1959), developed a schema of Seven categories of power which reflected the different bases or resources that power holders rely upon

#### **a. Positional Power**

Also called "Legitimate Power", it refers to power of an individual because of the relative position and duties of the holder of the position within an organization. Legitimate Power is formal authority delegated to the holder of the position. It is usually accompanied by various attributes of power such as uniforms, offices etc. This is the most obvious and also the most important kind of power.

#### **b. Referent Power**

Referent Power means the power or ability of individuals to attract others and build loyalty. It's based on the charisma and interpersonal skills of the power holder. A person may be admired because of specific personal trait, and this admiration creates the opportunity for interpersonal influence. Here the person under power desires to identify with these personal qualities, and gains satisfaction from being an accepted follower arena.

#### **c. Expert Power**

Expert Power is an individual's power deriving from the skills or expertise of the person and the organization's needs for those skills and expertise. Unlike the others, this type of power is usually highly specific and limited to the particular area in which the expert is trained and qualified.

**d. Reward Power**

Reward Power depends upon the ability of the power wielder to confer valued material rewards; it refers to the degree to which the individual can give others a reward of some kind such as benefits, time off, desired gifts, promotions or increases in pay or responsibility. This power is obvious but also ineffective if abused. People who abuse reward power can become pushy or become reprimanded for being too forthcoming or 'moving things too quickly'.

**e. Coercive Power**

Coercive Power means the application of negative influences onto employees. It might refer to the ability to demote or to withhold other rewards. It's the desire for valued rewards or the fear of having them withheld that ensures the obedience of those under power. Coercive Power tends to be the most obvious but least effective form of power as it builds resentment and resistance within the targets of Coercive Power.

**f. Information Power**

Information Power is derived from possession of important information at a critical time when such information is necessary to any organizational functions.

**g. punishment power**

Punishment power is the ability to sanction individuals for failure to conform to standards or expectations.

**2.6 Leadership and Power**

Power obviously is a pervasive reality in the life process of all modern-day

organizations. Leaders regularly acquire and use power to accomplish specific work goals and to strengthen their own positions in relation to the reading of general or organizational goals. It is possible to see every interaction and every social relationship in an organization as involving an exercise of power (James L. Gibson, John M. Ivancevich, and James H. Donnelly, 1985). Leadership “the process of using power to obtain interpersonal influence.” (John R. Schermerhorn Jr., James G. Hunt, and Richard N. Osborn, 1985) The question then arises, why must leaders achieve success at influencing the behavior of other people at work? Because, as Harry Truman succinctly stated, “Leadership is the ability to get men to do what they don’t want to do and like it.”( Allan R. Cohen et al, 1984) In short, the core problem for leaders in any organization involves getting others to do what is required to accomplish the organization’s goals. There are a number of other reasons to explain why leaders pursue power and view it as an important part of their work. In a general sense, power acquisition and power use can have an impact on career progress, on job performance, on organizational effectiveness, and on the lives of numerous people.

(John P. Kotter, 1997). More specifically, the nature of work in today’s complex organizations requires that we become more enlightened with respect to issues of leadership, power, and influence. John Kotter, writing in *Power and Influence Beyond Formal Authority*, states: “We can make rigid bureaucracies more flexible, innovative, and adaptive. We can even make the world of work more exciting and personally satisfying for most people.”( John P. Kotter, 1997)

Kotter believes that in today’s complex organizations, the concept of using formal power (that is, legitimate authority) as a sole source of influencing behavior to make organizations more competitive, responsive, and responsible is outmoded. Leaders today work in socially intricate organizations where they need the assistance not only of subordinates but also of peers, superiors, and external parties to accomplish their

goals. Accomplishing goals that positively impact the organization requires effective leadership linked to strong power bases and workable influence strategies. Building a strong power base and developing effective influence strategies to produce power dynamics is an important leadership challenge.

## **2.7 Power Acquisition**

The foundation of a strong power base starts with a leader's individual power, leaders derive power from both position and personal sources.

### **Positive Power Dynamics**

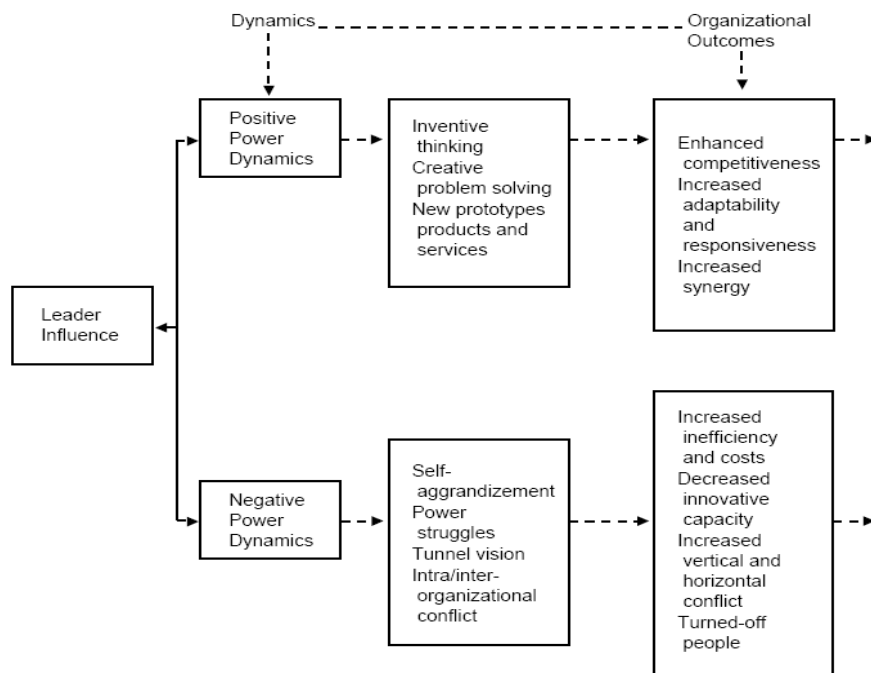
The proper selection and use of an influence strategy transforms leader influence into behavioral dynamics that produce inventive thinking, creative problem solving, and the development of new prototypes, products, and services. Positive power dynamics enhances organization competitiveness, increases organization adaptability and responsiveness, and ultimately increases synergy under organization conditions of high diversity and job-related interdependence. Later, increases in organization synergy permit an organization to improve performance levels related to goal attainment and mission accomplishment. Thus, leader power and influence produce the dynamics that optimize results that in turn generate the greatest good for the greatest number of people.

### **Negative Power Dynamics**

Figures 1 and 2 also indicate that leader influence can produce negative behavioral dynamics. This model confirms that power abuse is a reality in complex organizations of high diversity and job-related interdependence. Oftentimes leader influence simply fails or is used for personal self-aggrandizement. This kind of failure of leader power can lead to prolonged power struggles and intraorganizational /interorganizational

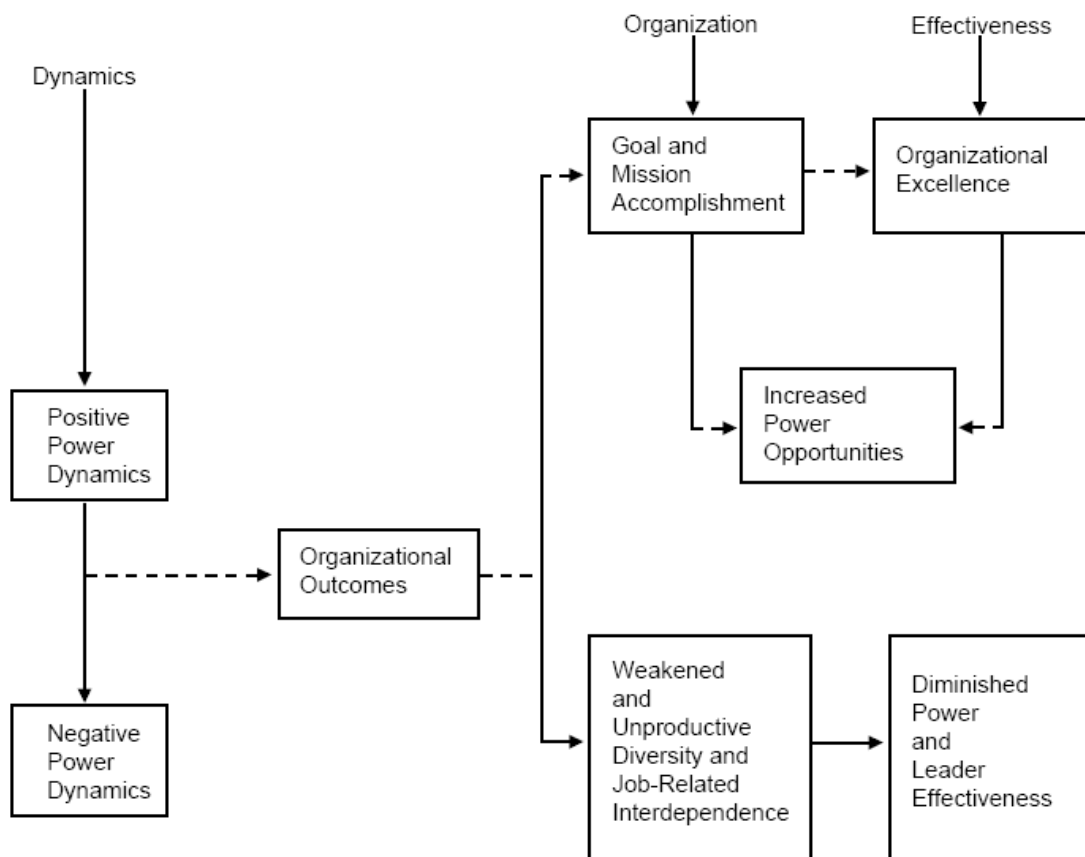
warfare. Protracted power struggles, bureaucratic infighting, and parochial politics then produce myopic organization outcomes that increase inefficiency, elevate human/nonhuman costs, produce diminished innovative capabilities, and increase vertical and horizontal conflicts that culminate with entropy and the probable and eventual deterioration of the social fabric of the organization (Barton J. Michelson, 1997).

Figure 1: Leadership: The Exercise of Power



(Barton J. Michelson, 1997).

Figure 2: Leadership: The Exercise of Power



(Barton J. Michelson, 1997).

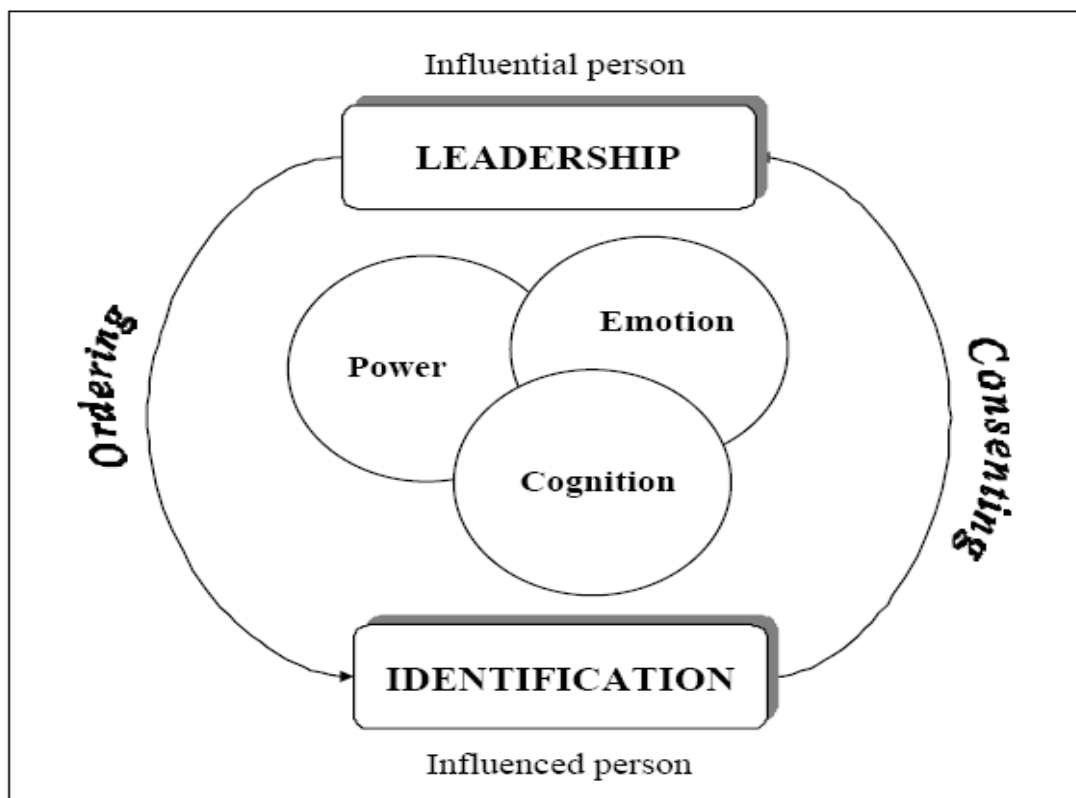
### 2.10 Dynamic between Leadership and Identification

Theories about identification confirm that there is no leader outside of a flux of relationships. That is why identification is a basic notion offered to improve the understanding of the leadership process in the context of contemporary organizations. As the formation of bond of identification occurs when one person's actions satisfy the expectations of another, the leadership bond occurs in a fruitful and productive

way when the leader's actions meet the expectations of followers and vice-versa. Identification occurs effectively when the behaviors are characterized in complementary expectations, originating, then, a situation of mutual affinity and reciprocity concerning the achievement of established goals.

The reciprocity between these behaviors establishes the bond that founds the influence dynamic in contemporary organizations.

Figure 3: The Dynamic between Leadership and Identification



(Eduardo Davel, Hilka Vier Machado, 1987)



## **CHAPTER THREE**

### **III DATA ANALYSIS AND INTERPRETATION**

#### **3.1 General Characteristics**

The concepts of power and leadership have been and will continue to be interconnected. While an individual may exert power without being a leader, an individual cannot be a leader without having power. (Center for Creative leadership, 2006). In this study, power is defined as ‘the potential to influence others.’ This definition shows up the importance of using power in order to be an effective leader.

In organizational settings, leaders must exert power to achieve individual, team, and organizational goals. Leaders must be able to influence their followers to achieve greater performance; their superiors and peers to make important decisions; and stakeholders to ensure the vitality of the organization.

#### **3.2 Analysis of the Findings of the Study**

The chapter includes two sections the general characteristics of respondents and analysis of the data collected through questioner and interview. The total population of the organization employee is 1,114 out of which 114 (10%) were selected to fill out the questioner and to answer interview and questions. Out of the distributed questioners 83 were filled out and returned. The returned rate is 73%

## Presentation of questioners

Table 1 Background of Employees

No	Item	No of Respondent	Present (%)	
1	Sex:			
	<ul style="list-style-type: none"> <li>• Male</li> <li>• Female</li> </ul>	44 39	53 47	
	Total	83	100	
2	Age group:			
	<ul style="list-style-type: none"> <li>• 18 - 24</li> <li>• 25 - 34</li> <li>• 35 - 44</li> <li>• 45 – 54</li> <li>• 55 – 64</li> <li>• 65<sup>+</sup></li> </ul>	27 17 15 13 6 5	32 20 18 16 8 6	
	Total	83	100	
	3	Educational Level:		
		<ul style="list-style-type: none"> <li>• High school or less</li> <li>• Technical &amp; vocational</li> <li>• Degree</li> <li>• Master</li> <li>• Ph degree</li> </ul>	17 21 43 4 0	20 25 51 4 0
		Total	83	100
4		Position:		
		<ul style="list-style-type: none"> <li>• First level management</li> <li>• Middle level management</li> <li>• Top management /CEO/</li> <li>• Other</li> </ul>	39 22 22 0	48 26 26 0
		Total	83	100
	5	Work Experience:		
		<ul style="list-style-type: none"> <li>• 1-5years</li> <li>• 6-10 years</li> <li>• 10 and above</li> </ul>	46 28 9	55 34 11
Total		83	100	

Table 1, Item 1, shows 44 employees or 53% are male and the rest 39 employees or 47% female. The number of male and female employees is almost equal in number. That implies that the organization of employee or giving chances to both sexes for job opportunity.

Table 1, Item 2, shows, 27 employees or 32% respondents are the age range 18 – 24, 17 employees or 20% of respondents are the age range are 25 – 34, 15 employees or 18% of respondents are the age range 35 - 44, 13 employees or 16% of the respondents are the age range 45 - 54, 6 employees or 8% of the respondents are the age range 55 – 64 and 5 employees or 6% of the respondents are above the age range of 65.

That implies most of ELFORA Agro-Industry PLC. Employees are “Young Blood” employees’ with high and energetic working powers. However, it was observed that these young employees didn’t like when their leaders imposed their powers and with this behaviors it is obvious that disagreement and dissatisfaction may occur during the process. It is also observed that the communication between employees and leaders is not good.

Table 1, Item 3, shows 43 employees or 51% of respondents are degree holder, 21 employees or 25% of respondents are technical and vocational trained, 17 employees or 20% of respondents are high school or less and the rest 4 employees or 4% of respondents are master’s holder.

That implies most of ELFORA Agro-Industry PLC employees are educated. It is able to deserve that the organization believes on job study than a formal academic study as a capacity building for its employees’. However, the employees would like to update themselves by getting chances of further education. The management did not facilitating or providing adequate training and learning plate for to its staffs. Most

of the employees' believed that an organization should be also responsible for its employees even to get a professional output and to increase the performance.

Table 1, Item 4, shows 39 employees or 48% of respondents are first level management and 22 employees or 26 % of the respondents middle level management and top level management.

That shows the reply there is a high number of management in the organization. It creates confusion among managers even to whom they are responsible. One can easily observe that there is uneasy atmosphere in the working area there are many management employees working in the PLC

Table 1, Item 5, shows 55 employees or 46% of respondents are 1-5 years work experiences, 28 employees or 34% or respondents are 6-10 years work experiences and the rest 9 employees or 11% of the respondents are above 10 years work experiences.

This shows that the highest numbers of respondents are new so we can assume that there is high turnover in the organization. This is also requiring further study of the impacts of this turnover. It is also observed that the organization is very reluctant in giving promotion for senior staffs and look after for new comers. This created dissatisfaction and argument between the PLC leaders and employees.

**Table 2: Respondents by Power and Power Misused**

No	Questions	Response									
		Number					Percent (%)				
		<sup>1</sup> SA	A	N	D	SD	SA	A	N	D	SD
1	My organization empowers people at all levels?	22	51	5	5	-	27	61	6	6	-
2	My organization teaches leaders how to influence their full power	10	7	14	39	13	12	8	17	47	16
3	Power is misused by top leaders in my organization.	7	4	7	36	29	8	5	8	43	36

Table 2 item number 1 shows 51 employees or 61% of respondents agree that empower people at all levels 22 employees of 27% of the respondents strongly agree there is empowers people at all levels, 5 employees or 6% of the respondents neutral and disagree empower people at all levels.

That implies Transformational leadership empowers people to greatly exceed their previous levels of accomplishment. This dynamic and innovative leadership style challenges and motivates an entire organization.

Table 2 item number 3 shows 39 employees or 47% of respondents disagree leaders teaches how to influence their full power, 14 employees or 12% of respondents neutral leaders teaches how to influence their full power, 10 employees or 12% of respondents strongly disagree with how leaders teaches to influence their power and 7 employees or 8% or respondents agree with how leaders teaches to influence their power.

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<sup>1</sup> SA Strongly Agree, A Agree, N Neutral, D Disagree, SD Strongly Disagree

From the interview responses of management regarding the mechanisms leaders use to influence employees indicate that, the mechanisms leaders use to influence employees are by delegating responsibility by making the approach friendly etc.

That implies degrees, ranks, or titles are limited tools when trying to influence people. Influence expands with the growth of a leader/manager's emotional intelligence and team leadership competencies. Influence can also be gained through one's demonstrated competence in a specialized field.

Table 2 item number 4 shows 36 employees or 43% of respondents disagree with power is misused by top leaders, 29 employees or 36% of respondents strongly disagree with power is misused by top leaders, 7 employees or 8% of respondents strongly agree and neutral with power is misused with power is misused by top leaders and 4 employees or 5% of respondents agree with power is misused by top leaders.

Power is not typically misused by top leaders; it does tend to be concentrated to a select few individuals. Organizations also reward leaders who empower the people they lead, so encouraging overall employee empowerment; however, there is no opportunity to teach leaders how to effectively use the power they possess.

When most people think about power, their minds go immediately to the control that high-level leaders exert from their positions at the top of the organizational hierarchy. But power extends far beyond the formal authority that comes from a title (or from having a corner office with a view). Leaders at all levels have access to power; often that power goes unidentified. Seven bases of power that leaders may leverage (Center for Creative Leaders, 2008).

Table 3 Respondents of management involve in the decision making process.

No	Questions	Response									
		Number					Percent (%)				
		<sup>2</sup> V H	H	A	L	V L	VH	H	A	L	VL
1	To what extent does the management involve the employee in the decision making process?	-	7	4 2	18	16	-	8	51	2 2	19

Table 3 shows 42 employees or 51% of respondents are average in management involve the employee in the decision making process, 18 employees or 22% of the respondents are low, 16 employees or 19% of the respondents are very low and the rest 7 employees or 8% of the respondent are high.

This shows that decision making process of the management not as such participatory. The decision making process will not bring about a sense of belongingness to majority of employees as needed.

Table 4 Respondents Relationship between Employee and Leaders.

No	Questions	Response									
		Number					Percent (%)				
		<sup>3</sup> E X	VG	G	B	N	E X	VG	G	B	N
1	How is good your work relationship with leaders?	2	12	1 6	30	23	2	14	1 9	3 6	29

<sup>2</sup> VH Very High, H High, A Average, L Low, VL Very Low

<sup>3</sup> EX Excellent, VG Very Good, G Good, B Bad, N Neutral

Table 4 shows that 30 employees or 36% respondent are bad work relationship with your leaders relationship, 23 employees or 29 % respondent are neutral work relationship with your leaders relationship, 16 employees or 19 % respondents are good work relationship with your leaders relationship, 12 employees or 14% respondents are very good work relationship with your leaders relationship and the rest 2 employees or 2% respondents are excellent work relationship with your leaders relationship.

The respondents of majority of respondents that the relationship between leaders & employees is not that close to bring about the desired effective communication of objectives and increase in commitment among followers.

**Table 5 Respondents of Relationship with Leaders in Communication the Values, Vision and Objectives of the Organization.**

No	Questions	Response									
		Number					Percent (%)				
		<sup>4</sup> VH	H	A	L	VL	VH	H	A	L	VL
1	Your relationship with leaders in communicating the values, vision & objectives of the organization?	2	10	46	15	10	2	12	55	19	12

Table 5 shows that 46 employees or 55% of the respondents are average relationship with leaders in communicating the values, vision & objectives of the organization, 15 employees or 19% of respondents are low, 10 employees or 12% of respondents are high and very low and the rest 2 employees or 2% of respondents are very high.

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<sup>4</sup> VH Very High, H High, A Average, L Low, VL Very Low



From the interviewer relationship with employee that sometimes disagreement happens with top level managers, who always orders him to take action and punish employees and considering themselves correct. The bossy type of leadership engaged them into conflict with the employees with whom they have very good relationship. It is possible to say that the response of the interviewed senior leaders is in line with the responses of employer that rated the relationship as moderate.

So the leaders of the organization may face difficult to mobilize self and others to take effective action to realize, vision possibilities and dreams.

**Table 6 Respondents of Leadership Styles Take in Place by the Organization.**

No	Questions	Response					
		Number			Percent (%)		
		<sup>5</sup> DeLS	AuLS	LafaLS	DeLS	AuLS	LafaLS
1	Which leadership styles take in place by your organization?	52	13	18	63	15	22

Table 6 shows that 52 employees or 63% of respondent leadership styles take in place by their organization are democrat, 18 employees or 22% laissez-faire and 13 employees or 15% of the respondents are autocratic leadership style.

The result obtained from the interview show that the organization uses democratic leadership style for the success of the organization leaders knows the problem, but

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<sup>5</sup> DeLS Democratic Leadership Style, AuLS Authoritarian Leadership Style, LafaLS Laissez-faire Leadership Style.

does not have all the information. The employees know their jobs and want to become part of the team unlike employees' responses.

Leadership style exercises all type of styles because there is a time which needs to practice all types of leadership style

In the organization, leaders initiate employees to the successful achievements of their objectives by a means of creating team sprit between employees, giving recognition, giving different benefits and so on.

So the organization using this style is of mutual benefit — it allows them to become part of the team and allows you to make better decisions.

**Table 7 Respondents Motivation of Job.**

No	Questions	Response			
		Number		Percent (%)	
		Power	Leadership style	Power	Leadership style
1	What would you motivate you to do your job better?	22	61	27	73

Table 7 shows those 61 employees or 73% respondent motivation of job better by leadership style and the others 22 employees or 27% respondent motivation of job better by power.

Therefore, the organization leaders often want to express an inspiring, uplifting, and motivating vision of the future, which summarize the values, aspirations, and

objectives they would like all of their employees to pursue. This visionary speech is intended to instill a sense of cohesion and uniformity as well as promote engagement and energy in employees.

## **CHAPTER FOUR**

### **IV SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **4.1 Summary**

- 53 percent of the respondents are male
- 32 percent of the respondents are the age range between 18 – 24.
- 51 percent of the respondents are degree holder.
- 46 percent of the respondents are 1- 5 years work experiences.
- 61 percent of the respondents surveyed agree that their organization empowers people at all levels.
- 55 percent of the respondents agree power is concentrated in the hands of a few selected individuals
- 47 percent of respondents disagree leaders how to influence their full power.
- 36 percent of respondents strongly disagree power is misused by top leaders
- The majority of follower 63 percent replies leaders follow Democratic (Participative) leadership and about 36% their relationship with leaders is very good.

#### **4.2 Conclusions**

- The majority of employees are not satisfied with existing leadership practice. This may result in poor motivation, less passion of employees for their organization.
- The majority of employees feel that the relationship between leaders and employees is not good. This major bottleneck hinders leaders from aligning themselves with their followers. As a result, it may create an organizational culture that is dominated by a passive transactional relationship that do not

allow leaders to inspire, coach and monitor employees to invest their preferred self, towards the attainment of organizational objectives.

- Employees are dissatisfied with the existing leadership styles demonstrated by leaders. This may create a negative attitude among employees about the image of their leaders, which in turn may reduce the degree of commitment they have to perform their work.
- The involvement of the leadership style of the organization in setting directions is very low. This may indicate the leaders in the organization are rather managers than leaders. This may create a vacuuming leadership and tend to endanger the long-term sustainability of organizational in the face of the ever changing environment
- The decision making process of the organization is not participatory. This tends to impede the quality of decision making the sense of belongingness among followers. It further hinders eventual potential development of leaders at all levels in the organization.
- The degree of shared vision, values and objectives are moderate in the organization. This may cause low level of commitment, teamwork and sense of direction among both employees and leaders.
- The dominant leadership style practiced in the organization is democrat. This may be the major reason that caused dissatisfaction of employees in the leadership practice the existing distance between leaders and followers the low level involvement of leaders in setting direction and other related leadership problems identification in this study.

### **4.3 Recommendations**

The findings from this study suggest that leaders can be more effective when they emphasize the power of relationships and the power of information, and also develop their other available bases of power. Strategies for leveraging power effectively include:

- Make relationships a main concern. Identify the people with whom you need to establish or develop a relationship.
- Don't give too much weight to your personal program. While the power of relationships can be an effective method for promoting your own agenda.
- Take full advantage of your communication network. Think about the people you communicate with the most.
- It is advised that such leadership training programmers should aim at improving the role played by leaders including, skills and competencies on understanding, initiating, listening to employees, empowering, coaching and mentoring employees and giving quick solution to problems.
- The leadership of the organization is strongly advised to align followers through the creation of healthy and close relation with employees and must give more attention to employees. To this end, leaders should assign adequate time to communicate with their subordinates to coach and listen to them.
- It is strongly recommended that the relationship style of the organization /leaders should be changed into modern, participatory and more empowering

leadership style. New leaders that have the skill, experience and potential for leadership should replace leaders that cannot be assisted through training.

- The organization and its leaders should set directions and align employees with that direction through communication, inspiration, motivation, empowerment and basic need gratification.
- The organization and its leaders are strongly advised to involve employees in decision making and include their ideas in the decision of the organization in order to create participatory leadership style environment rather than imposing what decided periodic or regular meetings is with can also help in promoting participatory decision making.
- The organization should communicate its vision, value mission in a very transparent way to inspire and mobilize employees towards the accomplishment of common goals.

Giving more importance to the employees than the task i.e., employee-oriented leadership.

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## **APPENDIX**

### **Annex 1 - Research Interviews**

1. How long did you stay in the organization?
2. What type of leadership style is better for the success of the organization?
3. What mechanism you use to influence employees?
4. Did you have a good relationship with your employees?
5. Did you communicate the values, vision, & objectives of the organization?

## APPENDIX

### Annex 2 Questionnaire

#### Faculty of Business

#### Department Of Management

The following questions are designed to find out an assessment of labor union. This is about your opinion, which may require you to generalize based on your organization. Please make highlight on the boxes and write your opinion on the specified space. Thank you in advance for your cooperation.

1. Sex  Male  Female

2. Age Group

18-24  25-34  35-44  45-54  
 55-64  65 & Over

3. Educational Level

High School or less  Technical and Vocational  Degree  
 Masters Degree  PhD

4. Position

Executive/ Senior Manager (Top Level Manager)  
 Middle Level Manager  
 Operational /Supervisor (First Level Manager)  
 Other please specify\_\_\_\_\_

5. My organization empowers people at all levels.

Strongly agree  Agree   
Neutral  Disagree  Strongly Degree

6. To what extent does the management involve the employee in the decision making process?

Very High     High     Average     Low     Very Low

7. My organization teaches leaders how to influence their full power.

8. Do you think Power is misused by top leaders in your organization?

Strongly agree                       Agree   
Neutral                       Disagree                       Strongly Degree

9. If you agree, why do you think people misuse their power?

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10. Which Leadership Style takes in place by your organization?

- The (Participative) Democratic Leadership Style
- Authoritarian Leadership Style, and
- The Laissez-faire Leadership Style

11. How is good your work relationship with leaders?

Bad     Good      Very good      Excellent

12. Your relationship with leaders in communicating the values, vision & objectives of the organization?

Very High     High     Average     Low     Very Low

13. Do you think leaders do for you to be come more effective using their power?

Strongly agree                       Agree

Neutral

Disagree

Strongly Degree

14. What would you motivation you to do your job better? Power or Leadership Style?

