

The Impact of Effective Leadership Practice on Organizational Performance and Growth of state owned banks in Ghana: The Case of National Investment Bank, Ghana

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Abstract

The study investigated the impact of effective leadership practices on an organizational growth and development in Ghana with the search light on the operations of National Investment Bank of Ghana (NIB). NIB recently had new management members with a new board of directors in place. For the year 2015 the bank shocked the banking fraternity when it was able to pay huge dividend to state coffers having experienced dividend draught for a long period. It is not too clear whether the leadership practices of the new executives have turned round the fortunes of the bank or the success story is due to the general boom in the banking industry of Ghana.

Random sampling technique was adopted to select some branches of the bank and its headquarters as the study population. Purposive sampling technique was then employed to directly approach officials for their views. The questionnaire technique was the main research instrument while Statistical Package for social science (SPSS) was employed to facilitate the analysis of the data. Findings of the study indicated that the new management team of NIB employed sound communication skills, very fair compensation packages groomed employees to perform better are some of the strategies for shoring up financial performance of the bank. The study therefore concluded by upholding the hypothesis that the recent success story associated with the financial performance of NIB was due to the leadership style of the new management team but not necessarily a direct results from the simile booming performance in the banking industry of Ghana. As a further study, the role ICT played in NIB's success story deserve investigation.

Keywords: Leadership, productivity, financial performance, effective leadership, organizational performance.

Introduction

Upon attaining independent nationhood in 1957, government of Ghana established four other banks to join Ghana commercial bank as state owned financial institutions operating within the financial services environment of Ghana. These included National investment bank (NIB) Agricultural Development Bank (ADB), Social Security Bank (SSB) and Merchant bank. Government divested its equity in SSB to Societe General of France in 2003. Until 2013, the performance of NIB had not been encouraging leading to very little or in some years no payment of dividend to central government. However, upon change in leadership of the bank, financial ratios started improving markedly in 2013 thereby giving the general impression that the turnaround in the bank's fortune was precipitated by the new leadership. It is therefore a fair assertion that effective leadership can actually influence productivity in both corporate and non for profit organizations.

In the opinion of Derue et al (2011), leadership is the ability to adapt the setting so everyone feels empowered to contribute creatively to solving the problems. Leadership is an ability meaning a leader has a capacity to do something through talent and skill. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader only affects the followers. Leadership as a process makes it available to everyone not just a select few who are born with it. More important, it means that leadership is not restricted to just the one person in a group who has formal position power (i.e., the formally appointed leader). Leadership, according to Barrett (2006) is about influence the ability to influence subordinates, peers, and bosses in a work or organizational context. Without influence, it is impossible to be a leader. Of course,

having influence means that there is a greater need on the part of leaders to exercise their power ethically. Leadership precludes the inclusion of leadership training programs that teach people to lead themselves. Leadership includes the achievement of goals (Fairhurt, 2007). Studies abound in the academia on the effect of leadership practices on state owned financial institutions. Unfortunately, most of these materials have been oriented in the Asian and Western context thereby rendering them inappropriate in addressing problems and issues facing developing economies like Ghana. The study therefore attempts to fill this gap.

Statement of the problem

National Investment Bank (NIB) and Agricultural Development Bank (ADB) are peer state owned banks in Ghana which were not been doing too well in terms of paying dividend to government some years ago. In late 2012, the leadership of NIB was changed with almost all departmental heads replaced soon after change in leadership. NIB's financial performance brightened up tremendously relative to ADB as shown in table 1.

Table 1. Key financial indicators of NIB and ADB

| Bank and indicators | 2015 | 2014 | 2013 | 2012 |
|-------------------------|--------|-------|-------|-------|
| NIB (Profit before tax) | 39.15 | 44.5% | 33.7% | 12.3% |
| ADB | -36.7% | 10.0% | 29.7% | 11.1% |
| Industry Average | 31.5% | 42.6% | 45.2% | 37.3% |
| NIB (Cost to Revenue) | 53% | 49% | 46% | 48% |
| ADB | 96% | 72% | 58% | 78% |
| Industry Average | 50% | 50% | 50% | 50% |
| NIB (Return on Assets) | 4.5% | 3.4% | 3.2% | 1.5% |
| ADB | -3.7% | 2.2% | 5.0% | 1.8% |
| Industry Average | 3.0% | 4.3% | 4.2% | 3.5% |
| NIB (Return of Equity) | 22.2% | 16.3% | 13.5% | 11.6% |
| ADB | -23.7% | 13.9% | 28.7% | 13.5% |
| Industry Average | 20.7% | 29.3% | 27.5% | 23.8% |

Source: Banking survey PWC (2016).

Table 1 illustrates the fact that the change in leadership and management members of NIB resulted in sudden improvement in the fortunes of the bank. Both NIB and ADB are government banks yet in terms of profitability, cost effectiveness and leveraging of both tangible and intangible resources, NIB appears to be way ahead of ADB. However, the startling performance of NIB came at a time when the general banking industry was booming with foreign banks and Ghanaian private banks are all making good returns on their investments. The study therefore attempts to investigate any correlation between effective leadership and the fine financial results posted by NIB. Here-in lies the thrust of the study.

Objectives of the research

The primary objective of the study was to examine whether the recent success story of NIB emanated from effective leadership practices introduced by the new management or was as a result of the general boom in the banking industry of Ghana. Specific objectives include;

- i. To assess the multifactor leadership characteristics of new management of NIB
- ii. To examine how leadership practices influenced financial performance of NIB
- iii. To explore further leadership strategies for improving upon productivity at NIB

Literature review

Theories of leadership

Leadership is a widely researched management subject owing to its role in meeting organizational goals. Various theories have been put forward to attempt to explain how leadership facilitates management processes. Some of these theories have been discussed below:

Fiedler's contingency theory

Fiedler (1954) and his associates made extensive efforts to combine leadership style and organizational situation. The basic idea in this contingency theory is that when one matches the leader's style with the most favorable situation, his or her success can be assessed. In other words when one is able to diagnose the leadership style and the company's situation, it is possible to arrange a correct fit. Fiedler's contingency theory's cardinal factor has to do with the extent to which the leader's style is relationship or task oriented.

In plain words one can say that leadership can be judged from how well the leader performed his task or how well his relationship with the employees or team members has been. It can be inferred that the contingency theory on leadership enjoins team leaders to take their assigned tasks seriously so as to come out as successful leaders. Leaders who also maintain good relationship with team-members should be on their way to become successful leaders.

Situational theory

According to Morgeson & Ilies (2007) situational theory of leadership could be taken as behavioral theories. Co-researchers Hersey and Blanchard's have been credited with extensive findings on situational theory. The approach here throws a great deal of light on the characteristics of employees in determining the appropriate leadership behavior.

The salient points in the Hersey and Blanchard situational theory are that there are various levels in subordinate readiness. People who tend to be low in task readiness because they are exposed too little ability or training and therefore appear less secured in their jobs. Such people need different leadership style as against those who appear high in readiness and therefore command, good ability, confidence, skills with strong aptitude to work.

Situational theory, in the view of Arnold et al (2000) highlights four leadership styles which must be exhibited by various leaders. These are the telling style, selling style, participating style and delegating style. The telling style involves giving clear or distinct directives about how task is to be performed. This therefore enjoins team leaders within projects to be sure of jobs allotted or scheduled to team members. The selling style encourages leaders to grant their subordinates the opportunity of asking questions so as to understand fully what has been assigned to them.

Path-goal theory

A further contingency approach to leadership lies in the Path-Goal Theory. This theory, according to Burgoyne, et al (2004) is premised on the fact that the leader's responsibility involves increasing sub-ordinates motivation so as to encourage an earlier attainment of personal and organization goals. A leader could increase the motivation of staff or team members by facilitating the subordinate's path to the kinds of rewards that are available or strategies to increase the reward level that the team members or subordinates value and desire. Path here refers to the need for the leader to successfully guide the worker to identify and pick up behavioral patterns that will ensure successful completion of task.

Review of empirical studies on leadership and performance

This segment takes a critical look at work done by other schools on leadership and their impact on organizational performance. It begins by highlighting a study by E.g. Campbell et al (2003) who managed to establish some element of concomitance between leadership and performance. Various leadership styles and their impact on performance have also been discussed.

Importance of leadership style and organizational performance

Campbell et al (2003), found a link between leadership and performance. The study established that leadership is a management influence process and not just being nice or good to others. A successful leader-manager can neither be primarily characterized as a strong leader or as a permissive one. He concluded that performance (P) is a function of competence (C) of subordinates and motivation (M). According to him, leadership is the managing of people in order to influence their performance by inducing them to work willingly.

This suggests that a leader is a motivator, persuader, effective communicator, listener, counselor, negotiator and delegator. Yukl (2002) established a link between concern for people and concern for performance. That a manager who is also an effective leader is termed the manager-leader' who is rated 9.9 on the managerial grid. This pointed out that this type of manager has the following qualities: visionary about what people can achieve as a team, Shares vision and acts, proactive in most relationships, stimulates excitement and actions.

Methodology

This segment examines the research design, study population, nature of sources of data as well as data capture and analysis strategies

Research design

This study employed a social survey design to obtain vital data from officials of NIB at the headquarters and selected branch offices, in order to meet the objectives of the study. According to Creswell, (2013) "research design refers to a plan, blueprint or guide of data collection and interpretation- a set of rules that enable the investigator to conceptualize and observe the problem under study".

The study population

Officials of the headquarters and selected branches of NIB will constitute the study population of the study. The bank has its headquarters strategically situated within the heart of the central business district of Accra with its branch offices scattered across the ten regions of Ghana. Officials are well trained to meet and exceed customers' aspiration. Yin (2009) describes a research population as a group that the researcher wants to generalize to and the sample as the group of people that are selected to be in the study.

Data collection

The questionnaire technique was adopted in collecting data from management members and other officials of NIB. In all, one 120 questionnaire was distributed out of which 104 was retrieved. The headquarters of NIB and of its six branches scattered in Accra constituted the sample frame for the study.

Sampling procedure

Simple random sampling technique was used to select five (5) out its branches scattered in the Accra metropolis. This ensured that each of the branches in Accra had an equal chance of being included in the sample. Purposive or non-probability sampling technique assisted the researcher to directly approach the officials of the bank whose duties involved executing leadership instructions, monitoring and appraising performance of employee and ensuring that financial and other targets are achieved.

Research instruments

The questionnaire technique was adopted as the research instrument. The choice was informed by the fact that it enabled respondents to use their leisure periods co-operate with the study. Marczyk et al (2005) are also of the conviction that, the questionnaire technique affords an enlightened respondents the opportunity of employing their leisure periods especially in the comfort of their homes or offices to assist a research or an investigation.

Furthermore the potential respondents are all well educated people who should be able to read and understand the dictates of the questionnaire. Some of the key questions centered on multifactor leadership issues such as: leadership interactions with employees, nature of communication, problem solving skills, employee development activities, rewards for hardworking, team building spirit, management impression of employees performance, change management issues, work methodology, target setting etc., all the above were featured on section B of the questionnaire.

Data analysis

The Statistical Package for Social Science (SPSS) was used to facilitate the analysis of data and the resulting pie charts, graphs and bar charts will be featured at the appropriate segments of the final report. Tourangeau (2004) explains that data analysis is the process of computation of certain parameters along with identification of relationship patterns that may exist among data groups. In the process of analysis, relationships may be discovered that may support or conflict the original hypothesis. This analysis, according to Zikmund & Babin (2010) leads to valid conclusions only if the relationship pattern stands the statistical test of significance.

Ethical consideration

Respondents who did not wish to partake of the study were excused and others selected to replace them so as to maintain the required sample size for the study. Under no circumstance was any respondent coerced or put under a form of duress to answer any question. No embarrassing personal questions were asked. Furthermore, respondents were assured of maximum anonymity. Respondents were however told that the credibility of the findings will depend upon the quality of their responses and for that matter they should be forthright with answers concerning the true position of issues on hand. From the foregoing, it is abundantly clear that the study enjoyed some reasonable amount of ethically uprightness.

Empirical result (Data presentation & analysis)

Multifactor leadership characteristics at NIB

Findings on multifactor leadership characteristics prevailing at NIB have been presented in table 2.

Table 2. Multifactor leadership characteristic at NIB

| Statements on multifactor leadership characteristics | Not at all | Once a while | Sometimes | Fairly often | Frequently or Always | Mean | Standard Deviation | Rank |
|---|------------|--------------|-----------|--------------|----------------------|------|--------------------|------|
| | Count | Count | Count | Count | Count | | | |
| My boss provides targets we have to know. | 0 | 0 | 6 | 12 | 84 | 3.73 | .595 | 1 |
| My boss provides good images of what must be done. | 0 | 0 | 16 | 12 | 76 | 3.58 | .746 | 2 |
| My boss lets us know how he thinks we are performing. | 0 | 0 | 12 | 28 | 64 | 3.50 | .697 | 3 |
| My boss is proud to work with us. | 0 | 0 | 22 | 10 | 72 | 3.48 | .824 | 4 |
| My boss encourages us to develop ourselves. | 0 | 4 | 12 | 20 | 68 | 3.46 | .847 | 5 |
| My boss helps members in finding meaning to work. | 0 | 0 | 20 | 22 | 62 | 3.40 | .795 | 6 |

Source: Field data (2017).

Further probing was performed in the course of the research to ascertain the impact of effect of multifactor leadership in performance growth in organizations. Answers taken from these statements

were frequently or always, fairly of then, sometimes, once a while and not at all. Answers obtained from the respondents were gathered, collated and ranked.

Ranking first with a mean of 3.73 is the statement that goes that “my boss provides the targets we have to know in order to carry out our work.” Following close with a mean of 3.58, my boss provides good images of what must be done ranked second. The next is “my boss let us know how he thinks we are performing” with a mean of 3.50.

Being proud to be working with our boss ranked fourth with a mean score of 3.48 and then my boss encourages us to develop ourselves came fifth, also with a mean of 3.46. Ranking sixth with a mean of 3.40 is the statement that reads that my boss helps team members in finding meaning to the work.

Leadership and financial performance of NIB

National Investment Bank (NIB) for some time has not been paying dividends to its shareholders especially the central bank being the majority shareholder. Government therefore installed a new management team within the quarter of 2011. The study deemed it appropriate to compare the financial performance of the bank four years before and four years after change in leadership. Essentially the researcher examined such financial performance ratios as Cost to Profit, Return on Assets, Return on Equity, Sales turn over, Bad Debt to Loans, Customers Deposit to Total Assets and Loan to Deposit.

Profit ratios of NIB

Meeting corporate profitability objectives mainly entails cutting cost through minimizing wastages, religiously observing the tents of operational manual and conduction value for money purchases and procurements. Figure 1 therefore reflects the profitability ratios of NIB for the period before after the change in leadership of the bank.

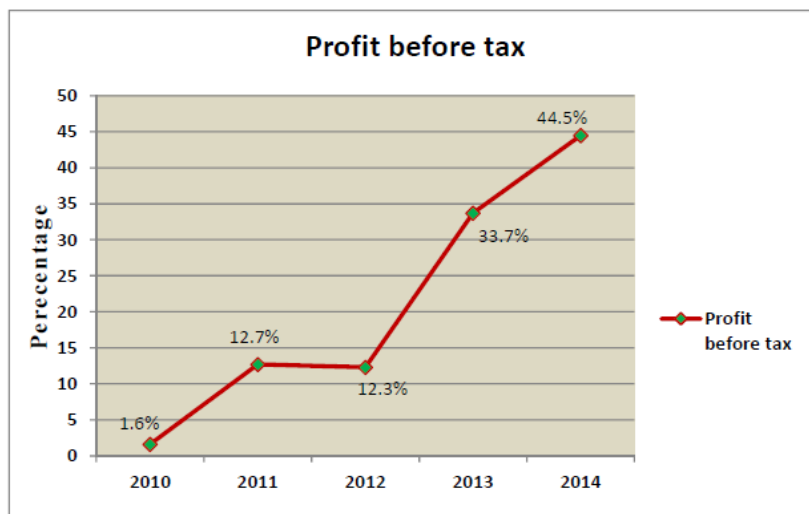


Figure 1. Graph of profit before tax for NIB on 2010 to 2014

Source: Ghana banking survey (2015).

In figure 1, profit before Tax for NIB was 1.6% of which the banking survey (2015) puts the industry average of profit before tax as 27.2%. NIBs profit before tax for 2011 came up a bit to 12.7% although it was still nowhere near that industry’s average of 30.5%. In 2012, NIBs profit before tax remained at 12.3% while the industry average was 37.3%. The impact of change in leadership stated reflecting on the profit outlook of NIB in 2013 when profit before Tax moved from 12.3% in 2012 to 33.7% in 2013 and moved on to further 44.5% in 2014 which was higher than the industry average of 43.2% in 2014 (Ghana banking survey, 2015).

Returns on equity and assets of NIB

The trend of returns on Equity and Assets have been graphed of figure 2

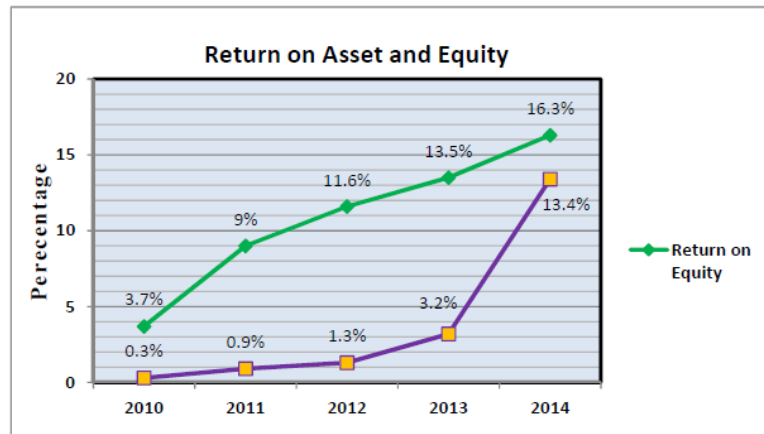


Figure 2. Graph of returns on assets and equity

Source: Ghana banking survey (2015).

Figure 2 shows that return on Assets, which indicates how profitable management has been husbanding the resources at its disposal, appeared to be lagging way behind that of the industry average until 2013 when it was 3.2% and got closer to the industry average of 4.2%. In 2014 when new leadership strategies had gained grounds Return on Asset rose up astronomically to 13.4% well above industry average of 4.3% for that year. NIB's return on equity for 2010 was 3.7% as compared to 16.6% industry average.

In 2011, NIB's return on Equity increased appreciably to 9.0% and moved up to 11.6% in 2012. These performance levels were 50% of the industry's averages. In 2013 Return on equity was 13.5% (i.e. 50% of industry average of 27.0%). In 2014 industry's average was 29.3% of which NIB's return on equity was 16.3% or 55.6% of industry's average of 29.3%.

From the foregoing it is evident that change in leadership of NIB in late 2012 significantly positively influenced the financial performance of the bank. Filling the change on leadership of the bank in 2012 return on equity started registering double digits. The growth in this ratio is important in that it demonstrate to owners of the business that the prospects of their business is getting brighter and that more funds should be invested into their business. Outsiders who also wish to subscribe for shares are encouraged to do so. An increase in the return on Asset also indicates to management that new strategies for developing the bank were really working. With profitable ratios trending upwards upon the advent of new leadership of the bank shows clearly that the new leadership styles of the bank from 2012 really paid off.

Liquidity performance at the bank

Managing liquidity effectively is an essential function of a bank. This is because any wrong step resulting in failure to meet customer's cheques and other withdrawals could result in a panic and could even incite a bank run. Management of the bank should therefore endeavour to monitor their liquidity positions in order to hold onto the confidence of customers of the bank. Assessing the liquidity of the bank involves assessing how liquid funds of the bank covers customer's deposit as well as relationship between liquid fund and total assets. The higher the extent of coverage, the better. A quick look is made at these two ratios shown in figure 3

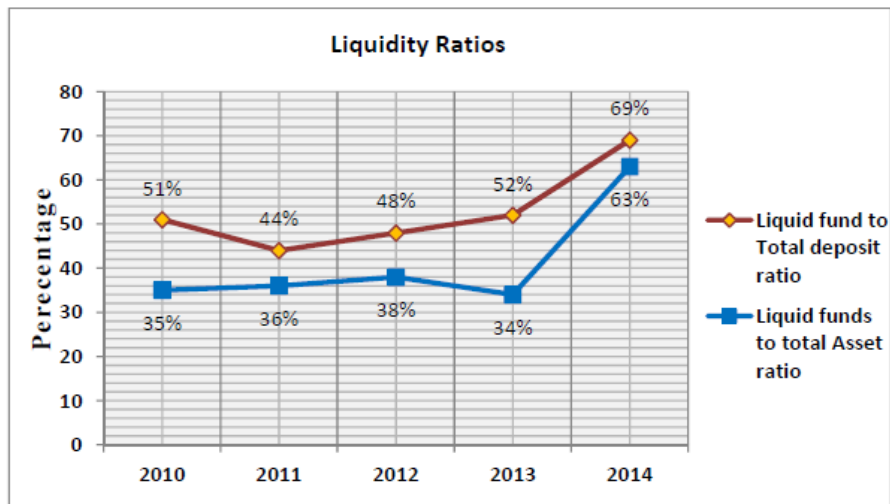


Figure 3. Graph of liquidity ratios of NIB

Source: Ghana banking survey (2015).

Figure 3 shows that the liquid fund to total deposit ratio of NIB for 2010 was 51% and this means available liquid funds such as cash had recoverable debt, short term loans with other banks were 51 percent of customer's deposits. This appeared consistent with industry average of 52%. This dropped to 44% in 2011 and started picking up in 2012 when the new leadership strategies started making the desired impact. The liquid fund to total deposit ratio increased from 48% in 2012 to 52.9% in 2013 which was higher than the industry average of 50%. It increased further to 69% in 2014 which was also slightly more than the industry average of 68%.

The liquidity position of the bank in respect of liquid funds to total assets ratio however trailed well behind the industry's average over the period until in 2014 when it was 63% while the industry average was 60%. In 2010, liquid assets constituted only 35% of the total Assets as against industry average of 62%. Liquidity fund to total asset ratio of NIB averaged 37% until in 2013 when it came down to 34% prior to moving up to 63%.

Leadership practices and recent impressive financial results of NIB

Discussed here-under are issues resulting to how change in leadership of NIB influenced its financial results.

Views as to whether leadership practices influenced financial performances

Findings as to whether style of leadership of new management effected financial performance of the bank have been indicated in figure 4.

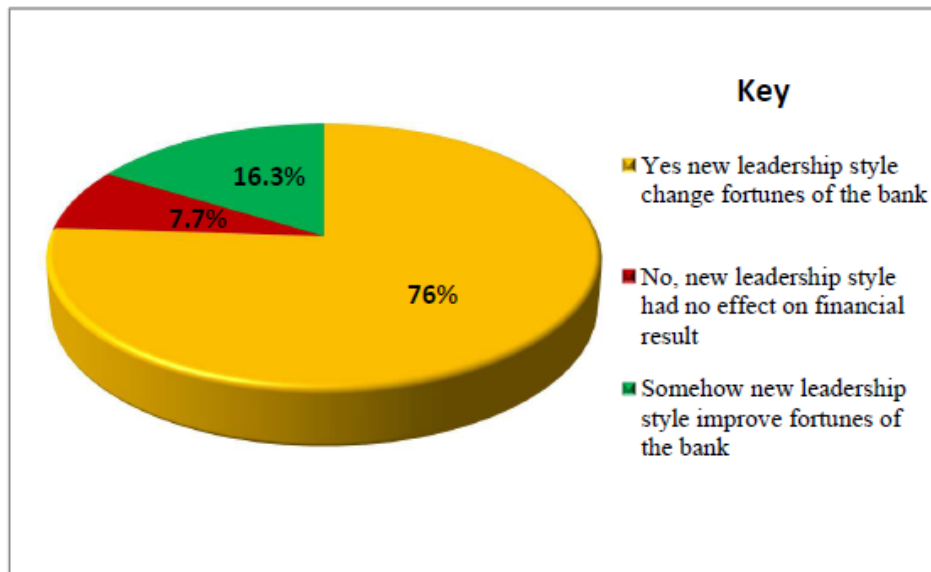


Figure 4. Pie-chart on views as to whether new management’s leadership style influenced the recent success story of the bank

Source: Field data (2017).

It can be gathered from Figure 4, that 79 (i.e. 76%) out of the 104 respondents saw a direct correlation between leadership style of new management of the bank and its recent impressive financial performance. Furthermore 17 (16.3%) respondents felt it is not only the new leadership style that accounted for the bank fine financial performance and that other factors also came on board to make things happen. On their part 8 (i.e. 7.7%) respondents were of the view that leadership style of new management did not have anything to do with recount success story of the bank. From the foregoing it is obvious that at least 92% of respondents saw something positive about the leadership style being exhibited by new management functionaries of the bank.

Further leadership motivational strategies to enhance productivity at NIB

Findings on further strategies necessary for leaders of NIB to motivate staff towards enhancing productivity have been presented in table 3.

Table 3. Frequency table of further strategies to enhance productivity at NIB

| Suggested Strategy for Enhancing Productivity | Frequency (Out of 104) | Percentage (%) |
|--|-------------------------------|-----------------------|
| Management should listen to employees views | 73 | 70.2 |
| Management should empower employees to perform | 85 | 81.7 |
| Appropriate reward incentives should be established | 68 | 65.4 |
| Discipline must be seen to be progressive | 74 | 71.2 |
| Team work building must be enhanced | 71 | 68.3 |
| In service training for new hands must be encouraged | 89 | 85.6 |
| Feedback mechanisms would be necessary to encourage open environment | 68 | 65.4 |
| Motivate staff with more non-financial rewards | 65 | 62.5 |
| Monthly best worker awards should be instituted | 63 | 60.6 |
| Staff should be encouraged to challenge themselves so as to enhance productivity | 87 | 54.8 |

Source: Field study (2016).

In table 3, 85 (i.e. 81.7%) respondents pointed out that leadership would do a great service to enhance productivity if employees could be empowered through capacity building and skill development activities. Eighty-nine (i.e. 85.6%) respondents also felt if progressive in service package were put in place, staff could be motivated to increase productivity. Seventy-four (i.e. 71.2%) respondents were of the view that productivity could be markedly improved if discipline was seen to be equitably and progressively applied to all rather than what appears to high levels of discrimination in award of rewards and punishments in the bank. Seventy-three (i.e. 70.2) respondents also noted that management should endeavour to listen to the views of employees when taking decisions.

Sixty-eight (i.e. 65.4%) respondents noted that where an appropriate reward system is instituted workers will be motivated to work harder. Seventy-one (i.e. 68.3%) respondents were of the view if stranger structures were established for team building to propagate, productivity will be greatly improved. Sixty eight (i.e. 65.4%) respondents pointed out that sound feedback mechanisms would ensure that the environment is open enough for better interaction. This way the environment can be created for productivity to propagate smoothly. The use of more non-financial awards, according to Derue et al (2011), 65 (i.e. 62.5%) respondents will motivate staff to perform.

Sixty-three (i.e. 60.6%) respondents observed that monthly best worker awards could help encourage staff to adopt a more positive attitude towards work and this will translate into high productivity. Fifty-seven (i.e. 54.8%) respondents felt when staff members are allowed to challenge themselves professionally, productivity will be improved at NIB.

Discussion of findings

The findings that superior officers at National Investment Bank (NIB) make their subordinates feel good around them and this enhances productivity leading to enviable performance of the bank in recent times have been supported in relevant literature or organizational performance and growth. Hoffman et al (2011) argues that when employees have very cordial relationship with that bosses and supervisor officers, they exhibit the sense of belongings and in the process create viable structures for productivity to thrive.

Daft (2006) also adds that making employees feel good around supervisors is the surest way of assuring workers of how much they are cherished at their places of work. Another benefit in making subordinates feel good around managers according to Mullins (2005) has to do with stability of the labour front thereby minimizing staff turnover and being assured of continuous relevance on competent employees towards moving the organization in a better direction. The study further revealed unequivocally that, supervisors and managers of NIB often use few simple words to express themselves and this result in clear instructions for employees to follow.

Bennis (2007) supports this management style of communication at NIB and explains that the use of plain language to instruct staff goes a long way to facilitate good performance. Daft (2006) also note that, plain language instruction helps to minimize wastage which would have resulted from executed poor and unclear instructions. Majority of NIB responses also indicated that their bosses help them to think of old challenges and problem in new ways and this assists in putting up innovative ideas of solving problem. Azka et al (2011) and Tara (2005) all support this kind leadership style and notes further that seeing old problem in new ways facilitate brain storing sessions and necessary to unearth solutions. The revelation that bosses of NIB encourage staff to develop themselves is supported by numerous writers on management and employee performance. According to Michael (2010) the caliber of employees confers on the much needed comparative advantage which invariably leads to the attainment of competitive advantage in an industry.

Tara (2005) also supports the view that employees must be motivated to develop themselves through bursars, scholarships or soft loans and other incentives. Meeting targets set for a team is obviously one that gladdens the heart of all managers and supervisors. Rubin et al (2005) note that when teams meet or exceed targets set them the organization is surely en-route to meeting corporate objectives. Fiedler et al (2004) explain further that continuous meeting of target goes a long way to strengthen the operational existence of the organization.

The finding that managers of NIB are unhappy seeing subordinates doing work in same way always is also supported in available literature. Fu-Jin et al (2011) are of the view that exploring better

ways of doing work helps in doing work faster and in more economical way thereby minimizing waste and increasing productivity. The findings that subordinates of NIB have faith in their supervisors and superior officers command a lot of credence on leadership and performance in management literature.

Ngodo (2008) noted in similar study that having faith in one's boss helps in believing in instructions handed down by such managers. This, Adam and Adam (2009) argue, gives a further impetus for subordinates to operate comfortably to increase productivity. The study also found out at NIB that employees see their bosses as providing good images of what must be done. According to Mullins (2005) giving a fair impression of what has to be achieved enables staff to have a clear vision of achievable goals. In the opinion of Howell and Avolio (2007) demonstrating to subordinates what needs to be done presents the kind of confidence that employees require to accomplish jobs. Other very positive features of leadership quality at NIB relate to how supervisors and managers communicate to their team member how they feel about performance of the group. Managers also provide recognition and rewards when team members achieve their targets.

According to Booth et al (2008) rewarding subordinates creates very healthy competition amongst staff which invariably promotes and enhances productivity. Booth et al (2008) also submit that rewarding subordinates for achieving target also goes a long way to promote excellence, minimize wastage and create the necessary environment for being creative and innovative. It also came to light from the study at NIB that employees are happy with working with their various bosses signifying that sound communication exists vertically between bosses and their subordinates.

Fiedler & House (2008) indicates that happy employees often translate their good feeling into productivity which enables management to organize bonuses for deserving workers. The revelation that bosses at NIB also do not demand too much from employees gives the impression that leadership of the bank believe in the concept of reasonableness in management-worker relationships. On leadership and performance, the study learned from NIB whereas performance of employees depend upon leadership style adopted by managers, leadership style also assist organizations to achieve objectives more efficiently by linking job performance to valued rewards. Exposing deserving workers to appropriate incentive packages, according to Bennis and Nanus (2007) creates a very cordial atmosphere for all employees to do their very best. This stems from the fact that workers are well aware that lazy employees cannot be tolerated in such environment and that only hard work will justify one's inclusion.

The study further revealed that leaders of NIB are able to influence employees to work harder towards the attainment of corporate goals. Ismail et al (2009) see an effective leader as one who is able to convince employees to toe a particular line of action especially when it has to do with strategies for meeting organizational targets. Judge et al (2009) support this position and maintains that the quality of leadership, to a large extent, should determine employee performance and by extension corporate readiness to achieve set targets.

The study also uncovered the fact that when the new leadership structure was installed, management quickly questioned the status quo so that unproductive, outdated or socially irresponsible norms within the bank were all replaced to increase productivity leading to the improved fortunes of the bank. Fu-Jin et al (2011) supports this move and started that it is a leader's responsibility to review existing structures with the view to making amendments for productivity to be enhanced.

Area for further research

Information Communication Technology (ICT) has really changed the face of service delivery especially in the service sector and the banking industry in particular. Customers of the bank need not physically visit their mother banks to withdraw cash because ATM facilities have been deployed at various vantage places. Under the auspices of internet banking, customers could also easily effect payment electronically. Moreover, customers could also check on their bank balances using their mobile phone handset. From the foregoing, it is evident that ICT has really enhanced banking operations and this obviously could have contributed tremendously towards the success story of NIB when leadership was changed. Nevertheless, the study could not capture the role ICT played in brightening up the fortunes of the bank. There is therefore the need for further research to investigate

how ICT aided the leadership of the bank in turning around its fortunes. Enterprise resource planning (ERP) software installed at the bank for instance assisted the new leadership to monitor the performance of investment of loans portfolios. Inventory managements were all streamlined to introduce more efficiency thereby reducing leakages that often increase operation cost. Certainly, the role of ICT in leadership success of the bank ought to be identified.

Conclusion

The study set out to examine how effective leadership influenced organizational performance at National Investment Bank (NIB) of Ghana. It specifically tested the hypothesis that recent impressive financial performance of NIB could be attributed to the sound leadership practices which were installed following change in leadership four years ago. The study is in a position to conclude that sound human relationship, problem solving skills, team building, enhancing spirit of leadership of the bank, all contributed to the recent improved financial performance of the bank. Leadership of the bank ensured that employees' performance are well appraised and those achieving targets are rewarded. Reasonable targets are usually set for employees who are properly groomed to undertake assigned duties. The new leadership of the bank reviewed the bank's vision, introduced more creative and winning products as well as effected the requisite changes in human resource and service delivery systems all with view to enhancing productivity. The leadership of the bank was able to question the existing status quo removed all unproductive, outdated or socially irresponsible norms and installed structures that motivated employees to perform creditably. From the foregoing, the study can only confirm the hypothesis that, the recent success story associated with the startling financial performance of NIB emanated from effective leadership practices but not necessarily from the general boom in performance in the banking industry of Ghana.

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