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LEADERSHIP IN MANAGEMENT AND ITS IMPORTANCE IN MODERN ORGANISATIONS IN DEVELOPING NATIONS

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Abstract: Leadership is a key management function as it facilitates organisations to coordinate people, allocate resources, copy with uncertainty, and transform strategic goals into joint actions. These type of management functions can play an especially significant role in developing countries, which face limited resources inconsistent managerial capabilities, fast institutional changes, and the need to increase efficiency and service quality. This article examines how leadership affects performance of organisations in the developing countries and why the effect depends on the context. It uses a structured review of several selected peer-reviewed reviewed papers, together with a World Bank report on performance of public workforce. As a result five interrelated mechanisms have been identified: providing strategic direction and coordination; motivating and developing employees; encouraging organisational learning and innovation; ensuring accountability and ethics; and adapting to institutional and cultural conditions. Overall, the reviewed studies suggest a positive effect of transformational leadership on employees and organisations, but not prove the claim about its universal effectiveness. Cultural requirements, management practices, available resources, and learning are among factors determining how leadership produces results.

Keywords: leadership; management; organisational performance; developing nations; transformational leadership; organisational culture; management development.

Introduction

Modern organisations work in the context of technological change, competition, changing expectations of workers, and the requirement to achieve measurable results. As a result, managers have to both expected and administer resources but also to establish direction, create cooperation, and help workers adapt as well. Leadership is important for such processes is planning in organisations plans depends on people interpreting priorities, and coordinating their work, when formal procedures do not provide clear solutions.

The importance of leadership is especially evident in developing nations, despite the diversity of these countries and their organisations. On the other hand some firms and public institutions are

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operating in active and internationally connected markets; others face limited resources, qualified personnel, weak management systems, or uncertainty in the institutional environment. In such cases, leadership cannot be defined solely in terms of personal charisma and authority. The World Bank's work on public workforce performance of ant organization depends on several factors including workforce capability, motivation, management practices, and information and communication technology(World Bank, n.d.).

Existing research provides evidence that leadership is associated with employee performance and organisational outcomes, but there are studies that show that the both strength and form of this relationship vary. According to the results of a cross-cultural meta-analysis of 79 studies, found that leadership-performance relationships differ depending on the national culture, sector, and type of performance.(Sertel et al., 2022). Another study conducted a systematic review and meta-analysis of adaptive performance also found a positive overall relationship between leadership and adaptability of the employees is positive, although the role of context and the nature of work matter (Bonini et al., 2024). These findings assumed that there is a certain style of leadership to the same effect everywhere.

The purpose of this article is to examine the importance of leadership in management in modern organisations in developing nations. In this article, the following three questions will be considered: 1) Through which organisational mechanisms does leadership influence performance? 2) What contextual conditions will cause to shape leadership effectiveness? and 3) What are the measures that organisations could adopt to improve their leadership capabilities? The article contributes a framework that connects leadership practices to organisational outcomes by taking into consideration the context.

Literature Review

1. Leadership as a management process

Leadership and management they are not identical. Management mainly concerns planning, budgeting, and monitoring. Leadership concerns direction, influence, common goals, and the mobilisation of people toward their goals. Effective organisations need both: vision without execution can become bad, while management without direction may result in maintenance of procedures which have ceased to meet the organisation's needs.

2. Transformational, and relational approaches

Transformational leadership it connects employees' work with a wider purpose, encourage new ways of thinking, and provide individual support. In a study of manufacturing firms in Ghana, transformational leadership was positively associated with organisational performance, with an innovative climate acting as a mediating mechanism (Puni et al. (2022)). Evidence from public organisations in Ethiopia also indicates that strategic leadership and knowledge management are related to change management, with knowledge management partially mediating that relationship (Ferede et al., 2024). These studies suggest that leadership can affect outcomes partly by shaping the organisational environment in which employees share knowledge and innovate.

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Leadership is relational. It does not exist inside a person in the way that height or qualification does; it exists between people, and it is granted by followers rather than conferred by an appointment.

3. Leadership in developing-country contexts

The term 'developing nations' covers economies with different histories, institutions, cultures, and levels of organisational capability. However, research from Ghana and Ethiopia have demonstrated certain mechanisms: innovation climate can connect leadership along with firm performance; knowledge management can support change. These are examples from particular settings, but not proof that all developing countries organisations face the same conditions.

One common issue is the mismatch between an individual leader's intentions and the organisation's capacity to act. A leader may encourage initiative among workers, but employees may lack training, technology, authority, or reliable performance information. Leadership is consequently important, but it is not a substitute for functioning systems.

Methodology

This article uses a structured narrative literature review approach. The source of literature that are included peer-reviewed research reviews and empirical articles relevant to leadership, organisational performance, adaptation, innovation, and change management, with specific focus on developing countries. The sources are includes a cross-cultural meta-analysis (Sertel et al., 2022), a systematic review and meta-analysis of adaptive performance (Bonini et al., 2024), a systematic review of authoritarian leadership and performance (Pizzolitto et al., 2023), empirical research from Ghana, and research on strategic leadership in Ethiopian public organisations (Ferede et al., 2024). A World Bank report on public workforce performance is used to utilize to provide context for management and institutional capacity.

Results and Analysis

1. Strategic direction and coordination

Leadership exists to cope with change. It sets a direction for the future, aligns people with it, and sustains the motivation required to reach it despite obstacles. Leaders clarify priorities, explain why they matter, and allocate responsibilities. This is especially important where resources are limited. Strategic leadership is most useful when it connects long-term goals with operational plans and gives employees clear decision boundaries. Setting direction it is about vision and strategy for change.

2. Employee motivation, trust, and development

A second mechanism concerns the social relationship between leaders and employees. Respectful communication, fair treatment, recognition, and opportunities to develop skills can strengthen trust and willingness to contribute. Leadership is not simply the act of issuing instructions; it includes listening to operational knowledge and giving employees the support needed to perform. Leadership is a process of influence through which one person enlists the voluntary effort of others towards a shared goal.

3. Innovation and organisational learning

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Thirdly, leaders create an environment whereby employees are able to detect problems, exchange knowledge, and try out improvement efforts. Literature on the relationship between innovative work environments and transformational leadership on firm performance in Ghana shows that an innovative environment acts as a mediator between these two. In addition, literature from Ethiopia shows knowledge management as being a partial mediator between strategic leadership and change management in public sector organizations (Ferede et al., 2024). Together, these findings support a process-based interpretation: leadership contributes to results not only through direct decisions, but also by shaping how knowledge moves through the organisation.

4. Accountabity, ethics, and institutional capability

Leadership effectiveness also hinges on the manner in which the leader uses his/her power. Decisions that are made openly, standards that are consistent, clear performance expectations and safeguarding against favoritism will help workers know what is expected of them and what is not. This applies to all organizations, both public and private, even though the method used differs. In its assessment of public sector workforce, the World Bank includes management practices, integrity, transparency and performance appraisal among others as some of the components of an efficient public institution (World Bank, n.d.).

5. Context-sensitive leadership rather than a universal model

For developing nations, context sensitivity means avoiding the assumption that models developed in one country can be transferred without adaptation. Leaders should consider organisational maturity, workforce skills, employee expectations, legal requirements, resource constraints, and the degree of uncertainty. This does not justify stereotyping national cultures or treating them as fixed. Instead, organisations should use employee feedback, performance indicators, and local consultation to determine which behaviours are effective.

Discussion: An Integrated Framework

Leadership has an influence on organizational performance via five interconnected channels that include (1) strategic direction and coordination; (2) motivation, trust, and capability development; (3) innovation and organisational learning; (4) accountability and ethical practice; and (5) adaptation to cultural and institutional context. There is interaction between these channels. The strategic alignment and coordination will be of little use if the organization lacks the necessary competencies or trust to implement it. Innovative ideas will not yield any benefits if the organization does not have the necessary accountability mechanisms and systems for allocating resources.

Practically speaking, it can be done by means of regular reviews of goals, team retrospectives, performance scorecards, individual development programs and evaluation of organizational culture. Leadership has been found to have an overall positive effect on performance, yet these studies lack the design and setting required to determine whether leadership is the cause of increased performance on its own. Performance depends on the combination of resources, competencies, technology, quality of institutions and market environment. This implies that the performance of leadership needs to be

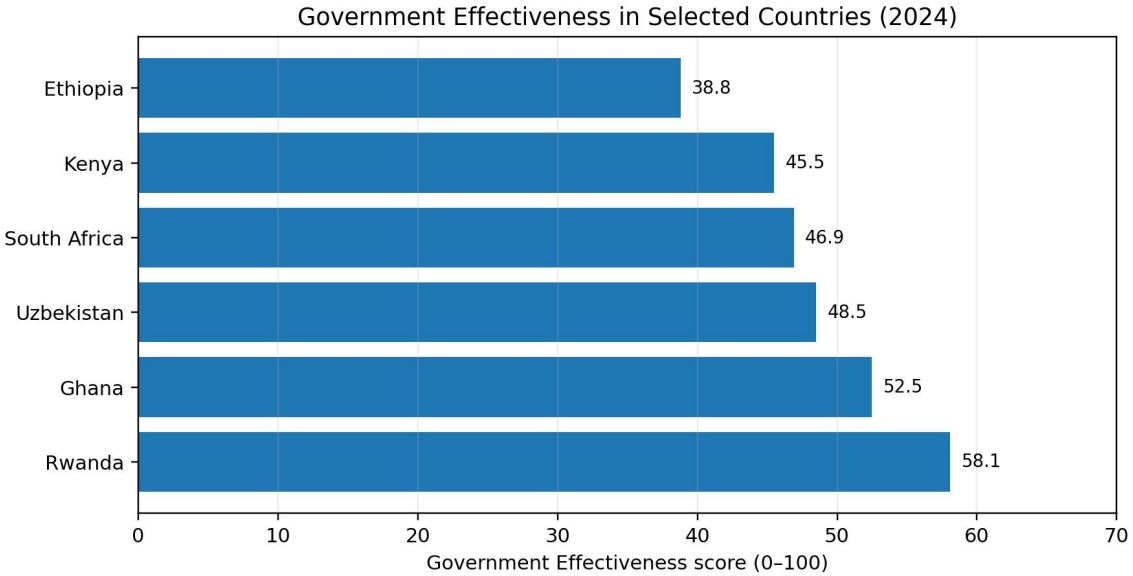
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assessed based on several criteria, such as employee engagement and retention, quality and speed of delivery, innovation, satisfaction of customers or citizens, ethics and sustainability of the organization.

Practical Implications

Firstly, organisations need to connect the development of leaders to organisational need for training in such areas as strategic thinking, communication, conflict resolution, ethics in decision making, coaching and change management, after which practice should be undertaken in applying these new skills. Secondly, organisations should develop routine of learning through mentoring, knowledge sharing sessions, project debriefings and documentation. Thirdly, performance management systems should include setting expectations, giving feedback and giving rewards fairly; the metrics must support learning as well as performance. Fourthly, there should be a proper delegation of authority in terms of decision making. While senior executives should determine strategy and acceptable risks, teams should be allowed to make their own decisions in those matters where they have the necessary expertise. Fifthly, an organisation should examine how transparent and merit based its hiring, promotion, appraisal and grievance procedures are. Sixthly, the practices of leading used by an organisation should be based on its experience rather than presumed universal applicability.

Figure 1. Government effectiveness in selected countries (2024)



Source: World Bank, Worldwide Governance Indicators (WGI), Government Effectiveness score (0–100), 2024.

This index measures the perceptions of service quality in public services, civil services efficiency, policy making, and policy credibility. This is how the scores give context to the organizational environment and not as indicators of leadership performance and its sole cause for the differences shown.

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Figure 2. Scale of selected evidence cited in this article



The numbers reflect varying designs of evidence and do not plot on a shared scale. The synthesis of evidence by Sertel et al. (2022) included 79 studies through cross-cultural meta-analysis, with medium effect size for the link between the two factors under examination and with moderation by culture and field. Puni et al. (2022) conducted a survey of 400 people working for selected 10 manufacturing firms in Ghana, establishing that innovative climate moderates the relationship between the kind of leadership and organizational performance. This supports a mechanism-oriented understanding whereby leadership helps with achieving good performance partially due to creating conditions for innovation, yet neither of the two papers prove that this works everywhere.

Conclusion

Leadership is an important aspect of contemporary management as it helps organizations to coordinate efforts, motivate personnel, build capacity, learn lessons and adjust to changes. Research carried out in Ghana and Ethiopia demonstrates the link between innovation climate, knowledge management and linking leadership to performance and change management. Such findings underline the importance of studying leadership mechanism as opposed to taking leadership styles as the end explanation. The key implication for organizations in developing countries is that there should be leadership that is both people-oriented and systems-oriented. It is difficult to suggest that one type of leadership style will work in all situations. The most reasonable approach will be the development of leaders who have the capacity to define the direction, empower personnel, enforce standards and adjust to local organizational conditions.

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