

Delegation of Authority and Employee Performance: An Empirical Evidence from Ikeja Division in Lagos State

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Abstract: *It is perceived that employees in SMEs usually find it difficult to exercise authority on behalf of their bosses hence delay in rendering services to customers. This study investigates delegation of authority and employee performance in Ikeja Division in Lagos State. There are limitations to the service employees in SMEs can render to customers which causes delay in rendering of service. Survey design method was employed via administering structured questionnaire to the target respondents. Three hundred (300) questionnaires were administered, of which 211 were returned and usable. Descriptive statistics and regression analysis were employed to analyse the obtained data from the respondents. The findings of the study showed that delegation of authority has a significant effect on employee effectiveness with p-value of 0.001 which is less than p-value of 0.05. Therefore, this study recommends among others that more authority should be delegated to employees of SMEs in Ikeja Division in Lagos State and the authority should be clearly and precisely specified. And also, employees should be educated on the necessity of delegating authority to them.*

Key words: *Delegation of authority, authorization, employee effectiveness, Employee Performance*

I. Introduction

One of the aims of setting up a business organization is to gain competitive advantage and to make profit. Without the employees discharging their assigned responsibilities, the objectives of the organizations may not be achieved easily and timely. Thus, employee performance is a crucial determinant of organizational goals. According to Al-Jammal, Al-Khasawneh & Hamadat (2015), employees who are engaged in their work and committed to their organizations give the organisations crucial competitive advantages including higher productivity and lower employee turnover. Thus, it is not surprising that most of today's organizations find ways to make the employee to be committed by delegating some managerial authority to them. Due to the competitive nature of business activities which could be traced to globalization, the task of carrying the burden of the business activities cannot be done by the business owner(s) or managers alone. Therefore, there is need for some responsibilities to be shifted or assigned to the employees which will reduced the workload and pressure of the business owner(s) or managers.

According to Koontz, O' Donnell and Wehrich (1983), the primary purpose of delegation of authority is to make sure that no one in an enterprise should do all the tasks alone.

Al-Jammal, et al, (2015); Suyeta (2015) stated that delegation of authority boosts the moral of employees in any organization and it make employees to have the self confident and sense of belonging as part of the leaders in the organisation. Delegation of authority is a necessary subject for organizations. According to Al-Jammal et al.(2015) delegation of authority has impact on an organization, on the manager and on the employees. They opined the impact of delegation of authority on organization helps in achieving competitive advantage, increase in production as well as effectiveness in task completion. In the same vein, they stated that delegation of authority has lessen the functional burdens of the manager and it has built cooperation and trust between the manager and the employees which led to employees satisfaction. Thus, it reduces physical and intellectual efforts exerted by manager and other employees;on the level of an employee, they stated that delegation of authority works on achieving functional empowerment, constructing alternative and administrative leadership, making employees feel self-confidence and motivation for excellence in performance; and on the level of customer, delegation of authority meets the needs of customers rapidly, delivering or providing the service will not be delayed due to delegation authority. Past studies such as Al- Jammal et al, (2015), Kombo. Obonyo, & Oloko (2014) Kiiza & Picho (2014) etc have demonstrated that application of delegation of authority will help employee effectiveness to be enhanced, managers will be able to maintain their job position and preserve the process of facilitating business affairs, employees' loyalty, and achieving performance efficiency .And it serves as a way to help manager in alleviating the burden of running the affairs of the business. Yukl and Ping Fu (1999) established that greater delegation will result to the following factors: Competence of the employee, sharing of managers' task objectives by the employee, longstanding and positive relationship of the manager with the employee, and the status of the lower-level persons. Managers who choose to do everything hamper their own productivity; limit their employee performance and any contribution they do make as managers is often accompanied by frustration and excessive personal effort (Koontz et al, 1983).Thus, it is important to incorporate delegation of authority to managerial functions or practices to increase employee performance towards achieving organizational goals.

Statement of the Problem

The importance of delegation of authority to employees in SMEs cannot be over emphasized. There have been perceived delay, complaint and dissatisfaction in the service rendered to customers of different sectors of SMEs in Nigeria. Employees most of the time do wait and/or try to get in contact with their superior officers before they can make some business transactions with the customers.And sometimes they do not go into lengthy transactions with the customers giving the notion that they cannot go beyond that. Employers and managers do claim that employees have been giving the necessary and required authority to act but employees do claim that there is no authorization or there are limitations to how they can act based on the authority given to them. It cannot be said if this has affected the employee performance of SMEs in Nigeria.

In addition, past studies such as Kiiza & Picho (2014), Al-Jammal et'al (2015), Kombo et al (2014); Colombo and Delmastro (2004); Yukl and Fu (1999) had examined delegation of authority in Czech Republic, Jordan, Kenya, Italy respectively. there are few studies on delegation of authority as it is related to employee performance in Nigeria. It is on this line that this study sees it germane to examine the impact of delegation of authority on employee performance in Nigerian SMEs

Objective of the Study

The objective of this study is to examine delegation of authority and employee performance in selected SMEs in Ikeja Division in Lagos State

Hypothesis of the Study

H0: Delegation of authority does not have a significant effect on employee effectiveness

H1: Delegation of authority has a significant effect on employee effectiveness

II. Literature Review

Conceptual Clarifications

Authority is delegated when decision-making power is vested on a subordinate by a superior colleague. Dessler (2006) saw delegation of authority as authority transportation from high management to executives and to other managers. Lutgans and Hodgetts (2004) defined delegation of authority as a process of distributing tasks and authorities in an organisation. The term delegation was conceptualized as the actions by which a leader assigns part of his or her authority commensurate with the assigned task to a subordinate (Kiiza & Picho, 2014). Delegation of authority could be seen as authorization. The process by which manager order his subordinates to carry out or execute some tasks is known as authorization. Al-Jammal et al, (2015); Fleith & Abd AL-Majeed, (2005) is of the view that authorization is the process in which subordinates are commissioned by the manager to perform specific work in a way that it will not pose a risk to the organization. Makawi (2005) defined authorization as granting of right to an employee to enabling the employee to direct and control others and make rules and obligation that must be followed by others. Delegation of authority is a mechanism that builds and nourishes superior-subordinate relationships (Joiner, Bakalis & Choy, 2016).

For the purpose of this study, delegation of authority is thus seen as the granting of a part of authority or full authority and right to certain employees or individuals in an organization to perform a particular task or execute a plan towards achieving the aims and objectives of the organisation

According to Koontz et al, (1983), the process of delegation of authority involves 4 stages- The determination of result expected; the assignment of task; the delegation of authority to accomplishing these tasks; and the exaction of responsibility for their accomplishment. According to Koontz et al, (1983), in practice, it is impossible to split this process, since expecting a person to accomplish goals without the authority to achieve them is meaningless. And holding subordinate responsible to their results must be regarded as a part of the process of delegation, hence responsibility is an obligation subordinates owe to their superiors, it cannot be delegated by subordinates to anyone else.

Principles of Delegation of Authority

According to authors such as Al-Jammal et al, (2015); Al-Sheikh, Makhamreh Al-Dahan and Ramadan (2009) stated that authority involves the following principles:

- i. Tasks and duties authorized shall be determined, clear, and explicit.
- ii. Effectiveness of communications means between employee and employers
- iii. Selecting the employees correctly
- iv. Absence of criticism
- v. Granting an employee sufficient power and authority

Similarly, according to Koontz et al, (1983), principles of delegation of authority include:

- i. Principle of delegation by result expected
- ii. Principle of functional definition
- iii. Scalar principle
- iv. Principle of unity of command
- v. Principle of absoluteness of responsibility
- vi. And principle of parity of authority and responsibility

Delegation of Authority and Employee Effectiveness

Delegation is the transfer of power by one body or person to another to act for him. It empowers that other person to perform a task on behalf of the donor of the power (Nwagbara 2015). Thus, it is one of the modern trends that managers employed (Al-jammal et al, 2015) to lighten the organizational burden of tasks and functions. Hashim, Ahmed and Jaradat (2013) posited that delegation of authority makes an employee to feel valuable as part of the organization and want to be effective in carrying out the authority confer on him. Thus, employees will try to justify the authority delegated to them by showing positive attitude in performing the tasks and functions via effective utilization of the available resources in the organization. Kombo et al, (2014) opined that delegation of authority improves performance in an organization. Hence, employee performance in this study is seen as the effectiveness of employees in SMEs in performing the tasks and functions expected from them. Effectiveness can be said to be the driving force behind organizations growth and profitability. Employee effectiveness is the relationship between outputs of goods and services of employees and input of resources employed in the production process (Anyadike, 2013). Employee effectiveness is as the result of effective utilization of organizational resources. Employee effectiveness is seen as the competency measured in terms of ability to handle the assigned workload, completing the work in time with minimal errors, and ability to work largely unsupervised; productivity measured in terms of time utilization,

Empirical Review

Joiner, et al.(2016) conducted a study on delegation, job satisfaction and subordinate performance: The mediating effect of leader-member exchange. They adopted survey research design where 260 questionnaires were administered to the Chinese subordinates working in Hong Kong transport company. The path analysis of the regression results indicated that delegation of authority is positively related with leader-member exchange (LMX) relationship.

Kiiza & Picho (2014) investigated an empirical study on delegation and staff commitment in the School of Finance and Banking in Kigali, Rwanda: An Empirical Study. A cross-sectional survey design was employed with sample size of 97. Stratified sampling and random sampling were used as sampling techniques. Descriptive analysis and Pearson Product Moment Correlation Coefficient were the two adopted method of data analysis to analysis the data obtained from the respondents. The results indicated that staff commitment is positively correlated with delegation of authority

Al-Jamma et al (2015) examined the impact of the delegation of authority on employees' performance at great Irbid municipality. They measured employee performance via efficiency, effectiveness and empowerment. And the data obtained were analysed via mean, standard deviation and T-test statistic. Their findings indicated that efficiency, effectiveness as well as empowerment of employees are statistically significant to delegation of authority in Irbid municipality

Effects of delegation on employee performance in savings and credit cooperative societies in Kisii County, Kenya were investigated by Kombo, et al, (2014). T-test statistics, mean and percentage were employed to analysis their data. And the result revealed that effective delegation of authority in organization improves employee performance and organizational performance at large

The study of Shekari, Naieh, & Nouri (2011) investigated relationship between delegation authority process and rate of effectiveness: case study municipality regions of Mashhad. Delegation of authority was measured by preparation, appreciation stage and effective-

ness. Correlation analysis was employed as method of data analysis. Findings of their study showed that there is a significant relationship between delegation authority process, and rate of effectiveness. And appreciation and preparation stage have greater effecton rate of effectiveness.

Summarily, one would see that delegation of authority in those studies reviewed have positive relationship with the employees' performance. The extent this is so in SMEs in Lagos State is the bone of contention in this study

Theoretical Framework

Democratic Leadership Theory

Democratic leadership theory is a theory that supports decentralization of decision making in an organisation. McGregor (1960) described this democratic leadership theory as benevolent, participative, and believing in people. Democratic theory is a theory that allows decision-making to be decentralized and shared by subordinates in order to reduce the workload of the managers. Democratic leadership is its underlying assumption that everyone has an equal stake in an outcome as well as shared levels of expertise with regard to decisions.

The Communicative Theory

Communicative theory gives subordinate to exercise the freedom to think. From this theory, delegation of authority as a form of empowerment is seen as a process through which a leader or a manager tries to divide his or her power among subordinates. This theory sees empowerment as the process of sharing power and authority among the personnel in organizations which embodies authorization. The communicative theory explains that empowerment via delegation of authority is a tool for giving freedom to employees so that they can do what they think, without fear of being prevented by the managers. This theory focuses on decentralization of powers in an organization. If powers are effectively decentralized, it will enhance effective communication with the organization. According to this theory, when power is being given to subordinate, such subordinates will possess the required confident to be creative and discharge his duties efficiently and effectively.

III. Research Methodology

This study relied on survey research design method via administering questionnaire to the respondents. SMEs were selected as the focus of this study because of their significant contribution to the economy. Thus, the population for this study is the employees in small and medium enterprises (SMEs) in Lagos metropolis. Lagos state was chosen because it has large number of small and medium enterprises(SMEs) operating in the city. Lagos state is divided into five divisions-Badagry, Epe, Ikeja, Ilorodu and Lagos Island. Ikeja division was selected because it has highest number of local governments and it has largest number of SMEs. Ikeja Division of Lagos State has Ikeja local government, Shomolu local government, Kosofe local government, Oshodi/Isolo local government, Mushin Local government, Agege local government, Ifako- Ishaye local government, and Alimosho local government.

Simple random sampling technique was adopted to administer the structured questionnaire. And a 4-point Likert Scale of 'strongly agree, agree, disagree and strongly disagree was used to rank the responses of the respondents. Questions on delegation of authority were adopted from Al-Jammal et al, (2015), questions on employee effectiveness were adopted from Shaffie et al, (2013). A total of 300 questionnaires were administered to employee of SMEs in Ikeja Divison but 211 questionnaires were retrieved and found usable and the data were analysed via descriptive statistics and regression analysis. The reliability of the responses obtained from the respondents was tested via Cronbach Alpha to check

the internal consistency of the data

IV. Data Analysis

Table 1: Demographic details of the respondents

	RESPONSES	FREQUENCY	PERCENT(%)
Gender	Male	129	61.1
	Female	61.1	38.9
	Total	211	100
Age	20-29	48	22.8
	30-39	125	59.2
	40-49	24	11.4
	50-59	14	6.6
	Total	211	100
Marital Status	Single	87	41.2
	Married	121	57.4
	Separated	3	1.4
	Total	211	100
Qualification Attained	SSCE	30	14.2
	OND/Diploma	67	31.8
	B.Sc/HND	100	47.4
	Post Graduate	14	6.6
	Total	211	100

Source: Researchers' Computation

The table 4.1 above shows the demographic details such as gender, age, marital status and qualifications of the respondents of this study. The above table shows that the gender of the respondents. 129(61.1%) are male which are the majority while 82 (38.9) are female. Age of the respondents is shown in the above table. It is revealed that 48(22.8%) of the respondents fall within the age of 20-29years, 125(59.2%) fall within the age bracket of 30-39years which indicates the majority, 24(11.4%) of the respondents are within the age of 40-49years and 50-59years of age of the respondents are 14(6.6%). The marital status of the respondents reveals that 87(41.2%) of the respondents are single, 121(57.4%) are married which is the majority while just 3(1.4%) of the respondents have separated from their spouses. The table equally shows the qualification attained by the respondents. It is revealed in the above table that 30(14.2%) of the respondents posses SSCE (Senior Secondary School Certificate), 67(31.8%) of the respondents are holders of OND(Ordinary National Diploma)/Diploma certificate, B.SC/HND holders of the respondents are 100 (47.4%) which is the majority, and 14(6.6%) of the respondents are having post graduate qualifications.

Reliability Test

Table 2: Reliability Statistics

Cronbach's Alpha	N of Items
.717	14

Source: Researchers' Computation

Cronbach Alpha measures the average of measurable items and its correlation. According to Nunnally (1978), reliability coefficient of 70% is good enough for the data to be reli-

able. After employing Cronbach Alpha method to test the reliability of the data, the result indicates 71.7% which means that there is internal consistency in the responses of the respondents.

Hypotheses Testing

Table 3: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.423a	.250	.245	.74614	1.161

a. Predictors: (Constant), Delegation of authority

b. Dependent Variable: Employee effectiveness

Source: Researchers' computation

The coefficient of determination R² is a test performed in regression analysis to measure the goodness of fit i.e. the explanatory power of dependent variable by the independent variables in the regression. The result above shows that 25% of the variation in employee effectiveness is explained by delegation of authority while the remaining 75% are explained by other variables not considered in this study.

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.717	.347		4.945	.000
Delegation of authority	.335	.101	.223	3.308	.001

a. Dependent Variable: Employee effectiveness

Source: Researcher's computation

The above table result revealed that parameter value of delegation of authority is .335 which shows a positive sign. This indicates that delegation of authority has a positive effect on employee effectiveness in SMEs in Lagos State. In the same vein, the significant value of the delegation of authority is 0.001 which is less than 0.005 which denotes that there is a significant effect of delegation of authority on effectiveness of employees in SMEs in Lagos State. Hence, this study rejects the null hypothesis that delegation of authority does not have a significant effect on employees' effectiveness in SMEs in Lagos State

V. Conclusion and Recommendations

From the findings, delegation of authority is significant to improving employee performance in SMEs in Lagos State. The result shows that the more authority is delegated to employees, the more the employees perform the task expected from them effectively. The results identified that employees in SMEs appreciate it when authority is being delegated to them by good performance. Therefore, if authority is not delegated to the employees, execution of tasks will be ineffective. Giving the employees the right to carry out or execute some right increase their morale to perform effectively. This will make the employees to feel that they are integrated part of the organizations to achieve the missions and vision of the organizations. Since, delegation of managerial tasks to employees boost employees performance, it will help the managers to focus on other tasks for the benefits of the or-

ganizations. Thus, delegation of authority is a managerial practice. Delegation of authority shows that the superiors have confidence in the ability of the subordinates to act on his behalf or on the organization behalf. Employees perceive this as a form of trust and try to justify the trust through effective discharge of responsibilities expected from them. This conclusion is in line with the studies of, Kiiza, P & Picho, E.O (2015) on delegation and staff commitment in the school of finance and banking in Kigali, Rwanda: An empirical study, Al-Jammal et al, (2015) on the impact of the delegation of authority on employees' performance at great Irbid municipality and Kombo et al, (2014) on effects of delegation on employee performance in savings and credit cooperative societies in Kisii County, Kenya. Therefore, more authority should be delegated to employees in SMEs operating in Lagos State and the authority should be clearly and precisely specified. And also, employees should be educated on the necessity of delegating authority to them.

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