

# Ownership and Leadership in Manufacturing: The Case of Lagos State, Nigeria

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## Abstract

*Ownership or leadership in any organization or establishment small, medium or large scale has been a problem in a developing economy like Nigeria. The integration of these two in any organization has been a source of conflict, which the organization tried to find solution to. This paper, therefore, looked at the problems of leadership and ownership in manufacturing industries using ten industries, five of which are small-scale and five are medium/large-scale industrial set-ups at Lagos State. It was however discovered that the liability companies are better managed, more disciplined and workers tend to be more active with best profit and production output than sole ownership companies.*

**Keywords:** industry, liability companies, partnership, proprietorship.

## Introduction

Ownership and leadership in manufacturing business in Nigeria over the years have reflected stories of cheers and sometimes tears. While some of these companies lived after their founders, others only blossom during the lifetime of the owner but collapsed thereafter.

Ownership refers to the founder, while leadership refers to the management structure in place. A leader is a person in control. He directs or controls the organization, while an owner is someone who owns something (belonging legally to the person) (Longman 1995).

The two do co-exist in many organizations and this often leads to crisis as quality leadership is different from ownership. The co-existence is prominent with one-man business (sole proprietorship). Most often the owners are dictatorial, without listening to professional advice from their employees who are leaders in their company.

Some researchers have worked in the areas of ownership, like Adebajo (1997) who enumerated the characteristics of sole ownership as someone who:

- Owns the company;
- Liability is unlimited;

- Has the source of capital or fund for running the company;
- Motivates its formation to make profit;
- Can withdraws his capital without the consent of anybody; and
- Has no legal status.

The advantages of sole ownership include:

- Small capital;
- Easy to establish;
- Quick decisions are taken;
- It can fit any environment;
- It is easy to manage;
- All profit belongs to the man (Owner);
- Existence of privacy in the business;
- He formulates all rules alone;
- He combines more occupation; - he has more responsibility;
- It is easy to withdraw his entire asset.

The disadvantages of sole ownership are:

- He bears all risk;
- He bears all the losses alone;
- Limited expansion;
- The exit of the owner may end the establishment;
- Inability to face competition;
- Limited scope of decision making; and
- Miscellaneous disadvantages.

However, with all these demerits sole ownership is the bedrock on which the economy of any nation thrives.

Other areas where management in manufacturing can be applied are:

- **Partnership Ventures:** We have active partners, sleeping partners, who do not take part in the management of the business and normal or passive partners, who only exist in name.

- **Limited Liability Companies:** We have private limited liability company, public limited liability company.

A chief executive is the leader of a team and his main responsibility is to direct his numerous staff towards achieving the corporate set goals. Leadership is part of management and is the ability to persuade others to seek defined objectives willingly and enthusiastically.

Kartz and Kahn (1978) researched in the area of leadership and enumerated that leadership is generally defined as influence, the art or process of influencing people so that they will strive willingly (zeal and confidence) towards the achievement of group goal. To lead is to guide, direct, conduct and proceed.

Koontz and Wehrich (1980) discussed the nature of leadership and said that every group of people that performs near his total capability has some person as its head who is skilled in the art of leadership. This skill seems to be a compound of at least three major ingredients:

- The ability to comprehend that human beings have differing motivating forces at varying times and in different situations, the ability to inspire, and the ability to act in a way that will develop a climate for responding to and arousing motivations.

- The second ingredient of leadership seems to be a rare ability to inspire, that is, to animator to enliven followers to, applies their full capabilities to a project.

- A third ingredient of leadership has to do with the style of the leader and the climate he or she develops as a result of expectancies, perceived rewards, the amount of effort required, the task to be done, and other factors which are part of environmental of performance.

Some other researchers who have worked in the areas of the trait approach to leadership include: Filley, *et al.* (1976) Ghiselli (1978), Koontz, *et al.* (1980), Cartwright and David (1979), Blunt (1983) and Akanni (1987). They concluded that some studies have indicated a significant correlation between certain traits of intelligence, scholarship effectiveness. It was found out that there is definite correlation between traits of intelligence, scholarship, dependability, responsibility, social participation, supervisory ability, initiative, self assurance, and socioeconomic status of leaders compared with non leaders. Leadership styles of administration can come in form of:

- Laisser-Faire/free Rein style;
- Democratic/participative/consultative leadership style;
- Dictatorship, authoritarian or autocratic style;
- Benevolent autocratic style;
- Bureaucratic leadership style;
- Diplomatic style;
- Paternalistic style; and
- Adaptive style.

From the foregoing therefore, the ownership and leadership in manufacturing in Nigeria was carried out, to actually know what operates in some of this developing manufacturing economy.

## Materials and Methods

A questionnaire was developed and distributed to about thirty manufacturing industries in Lagos State, to look at the problems of leadership and ownership in manufacturing industries, out of which only ten can be reliably used. Five of the industries were small scale, while the remaining five were medium / large scale manufacturing industries. The results of the findings were analyzed using tables to find the relationship. For the purpose of getting good data and not to embarrass the management of the manufacturing industries used in this study the researcher shall remain silent about the names of the manufacturing industries used in this paper. Tables 1-6 below show the company capital base and annual profit, production output, company workforce, company natural business, type of ownership,

and leadership style. The companies have enough capital base annual profit that made it one of the focuses for this research. The leadership style used in each of the company actually proved the type of ownership.

### Result and Discussion

The results of the research findings are shown in Tables 1-6 below.

From Tables 1-6, the following observations can be made:

- That the annual profit of the companies varies, having company G having the largest annual profit and company A and C having the least profit (Table 1). It can be noted that company G is a public liability company (Plc.) (Table 5) and also uses democratic/participative / consultation type of leadership style (Table 6).

- The monthly production of company G is the highest having an output of 900 tons in a month, while company I has the least of the monthly output to be 200 tons (Table 2).

- Table 3 shows the workforce in each of the company. Company H has the highest workforce of 130, while company E has the least workforce of 30, followed by companies A and C having 40 workforces each.

- Table 4 shows the nature of the manufacturing business each of the company is involved in. This ranges from Aluminum coating, paint manufacturing, roofing asbestos, and production of gin and wine.

- Table 5 shows the type of ownership each of the company is made of. The companies A, B, C, H and J are sole proprietorship, while companies D and G are public liability, and companies E, F, and I are limited liability.

- Table 6 shows the company leadership style, which determines the role and functions of the sole proprietorship from that of public or limited liability companies.

Table 1. Company capital base and annual profit, 1 USD ≈ 118.5 NGN (₦, Nigerian Naira).

SN	Name of company	Capital base (Naira)	Annual profit (Naira)
1	Company A	500M	20M
2	Company B	300M	50M
3	Company C	1B	20M
4	Company D	1B	60M
5	Company E	350M	40M
6	Company F	1B	500M
7	Company G	1B	600M
8	Company H	100M	50M
9	Company I	50M	30M
10	Company J	150M	80M

Source: From questionnaire distributed and collected.

Table 2. Company monthly production output.

SN	Name of company	Monthly production output (tons)
1	A	500
2	B	800
3	C	600
4	D	800
5	E	500
6	F	700
7	G	900
8	H	300
9	I	200
10	J	400

Source: From questionnaire distributed and collected.

Table 3. Company workforce.

SN	Name of company	Workforce
1	A	40
2	B	50
3	C	40
4	D	120
5	E	30
6	F	60
7	G	100
8	H	130
9	I	60
10	J	100

Source: From questionnaire distributed and collected.

Table 4. Company nature of business.

SN	Name of company	Nature of business
1	A	Aluminum coating
2	B	Aluminum coating
3	C	Paint manufacturing
4	D	Paint manufacturing
5	E	Paint manufacturing
6	F	Aluminum coating
7	G	Roofing asbestos
8	H	Production of gin and wine
9	I	Production of gin and wine
10	J	Production of gin and wine

Source: From questionnaire distributed and collected.

Table 5. Company type and ownership

SN	Name of company	Type of ownership
1	A	Sole proprietorship
2	B	Sole proprietorship
3	C	Sole proprietorship
4	D	Public liability (Plc.)
5	E	Limited liability(Ltd.)
6	F	Limited liability(Ltd.)
7	G	Public liability(Plc.)
8	H	Sole proprietorship
9	I	Limited liability (Ltd.)
10	J	Sole proprietorship

Source: From questionnaire distributed and collected.

Table 6. Company leadership styles.

SN	Name of company	Leadership Style
1	A	Benevolent autocratic style
2	B	Bureaucratic style
3	C	Adaptive style
4	D	Democratic/participative/ consultative
5	E	Adaptive style
6	F	Democratic/participative/ consultative
7	G	Democratic/participative/ consultative
8	H	Diplomatic style
9	I	Benevolent autocratic style
10	J	Democratic/participative/ consultative

Source: From questionnaire distributed and collected.

It can therefore be concluded that:

- Liability companies tend to be more active than the sole ownership companies.
- Liability companies are better managed with the best profit than sole owners companies.
- Liability companies tend to be more disciplined and more efficient than in sole owners where they tend to do eye service.
- Hence the performance of the Liability companies have a better annual profits and better monthly production output, except in few cases like company J where sole proprietorship excel a little bit.

Ownership and leadership in Nigeria manufacturing companies using Lagos State as a case studies need to be divorced from each other. To this end most business outfit are trying hard to separate the ownership role of a company from its leadership activities. It was observed from the research that the sole ownership that merged his activities with leadership role tend to fail due to some of the following factors;

- Inadequate managerial skill;
- Inadequate market research and planning;
- Under capitalization;
- Psychological and physical stress- this refers to as wear and tears of life;
- Inadequate record keeping; and
- Inability to cope with growth.

## Conclusion

Of all the issues that determine whether a firm will survive from one generation to the next, the succession is the most important; this is because the dynamism, energy and vision of the family business leader often have a serious impact on the actual result. Therefore, it is recommended that most sole proprietorship should look forward to embrace joint ownership where others can contribute to the growth of the manufacturing business, so as to move this sector forward in a developing economy like Nigeria.

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