

Transactional Leadership Style and Employee Performance in Selected Non-Governmental Organizations in Uganda.



Muguluma Henry⁴, Olutayo K. Osunsan^{1,3}, Alinitwe Joshua², Naiga Sylvia^{1,2}, Tindimwebwa Joseline^{1,4}, Namirembe Isabella²

¹School of Postgraduate Studies & Research, Africa Renewal University, Uganda

²School of Business Management and IT, Africa Renewal University, Uganda

³Faculty of Business and Management, Cavendish University Uganda

⁴School of social sciences and Humanities, Africa Renewal University, Uganda

ABSTRACT: This study set out to determine the relationship between leadership style and employee performance in selected non-governmental organizations in Uganda. The leadership styles focused on were: transactional leadership and employee performance. A survey was conducted by administering questionnaires to 367 employees (respondents) in selected non-governmental organizations in Kampala. Overall, the results showed a weak positive and significant association between transactional leadership style and employee performance. In other words, the odds of an employee being satisfied were higher if they were led by a transactional leader. The findings showed that transactional leadership style is weakly associated with employee performance and that it would in the long run lead to a significant negative impact on employee performance. In a nutshell, the study found out that there is a small but sure relationship between transactional leadership style, and employee performance in nongovernmental organizations in Uganda.

KEYWORD: Transactional leadership Styles, and employee performance.

1.0 INTRODUCTION

It has been noted that many organizations have serious problems with staff in the areas of accomplishing assignments, everyday management of employees, and staff keeping up with the demands of their work (Mukasa, 2006). For example, the *Annual Program Report of 2012* for Africa Renewal Ministries (an NGO operating in Uganda), reported that only 55% of the employees had accomplished their annual performance targets. More so, the *Internal Audit Report of 2012* for Africa Renewal Ministries, on top of highlighting that the employee performance was just above average, also mentioned that the field staff often feel frustrated, isolated, unsupported, and generally unhappy with the way some leaders and managers on the ground were approaching work issues. As regards non-governmental organizations in Uganda, this could be attributed to the use of inappropriate leadership styles prevailing in the organization.

2.0 LITERATURE REVIEW

2.1 Leadership Style

This study focuses on transactional leadership. Transactional Leadership Style is based on bureaucratic authority and legitimacy within the organization. It emphasizes work standards, assignments, and task-oriented goals. It focuses on task completion and employee compliance and relies on organizational rewards and punishments to influence employee performance (Burns, 1979).

2.2 Employee Performance

Employees require the proper working conditions to perform better. A proper working condition will encourage employees to put up the right attitudes or behavior to their job. Employee commitment which consists of organizational and job commitment is positively related to employee satisfaction, supervisory support, and organizational career support (Allen, Drevs and Ruhe, 1999). Employees who find their organization's image attractive and/or positively evaluate their job performance in the organization are likely to exhibit a high level of both internal job satisfaction and organizational commitment (Yurchisin and Park, 2010).

2.3 Transactional Leadership Style and Employee Performance

Those who view transactional leadership as an exchange between followers' and leaders' desired outcomes by fulfilling the leader's interests and follower's expectations, which involves promises or commitments embedded by respect and trust; also add that transactional leadership assists the efficiency of the organization by enhancing innovative job performance (Janssen and Yperen, 2004). This assertion presents transactional leadership style as a positive predictor of the follower's performance especially when viewed in light of the contention by Jung, et al., (2009) that transactional leadership is about a leader's attitude toward the identification of followers' needs and aspirations and the clear demonstration of the ways to fulfill these needs in exchange for the performance of the followers.

Other researchers like Bass, et al., (2003) also carried out their research in a military platoon, as an organization that was working in an unstable environment and their research proved that transactional leadership increases performance among the soldiers. Even so, it is yet to be determined if the impact of transactional leadership style on employee performance in a military platoon is the same in non- governmental organizations in Uganda.

Also, it is worth noting that while various researchers like Afolabi, et al., (2008) conclude that transactional leadership is more effective when the organization desires to achieve their aims and objectives, other researchers have shown that transactional leadership style is relatively weakly associated with employee performance and is pessimistically related to the perception of organizational politics (Gadot, 2007).

With these contradicting observations, it is only evident that the debate on transactional leadership and employee performance is still ongoing.

3.0 METHODOLOGY

The research targeted 510 SMEs located in Kampala's central business district (CDB), sourced from 346 registered companies. The sample included representatives from three key business sectors: trade, service, and manufacturing. The sample size was determined using Krejcie and Morgan's (1970) table, which provides practical ratios based on the SME population size. According to the table, a sample size of 217 is recommended. However, the study achieved a response rate of 193 respondents; a response rate of 89%, which is still considered acceptable. Fowler (2013) confirmed that a high response rate such as this enhances the validity and generalizability of the research findings.

The Content Validity Index (CVI) was calculated and found to be 0.757, meeting Amin's (2005) suggestion that a CVI of at least 0.7 is adequate for establishing the content validity of a questionnaire. Content validity refers to the extent to which the items in an instrument accurately represent the construct being measured (Haynes et al., 1995). A CVI of 0.757 indicates that the questionnaire items adequately covered the relevant aspects of the construct under investigation. Additionally, the reliability of the questionnaire was tested using Cronbach's Alpha, which was found to be 0.791. According to Taber (2018), a Cronbach's Alpha value above 0.7 is generally considered acceptable for establishing the internal consistency and reliability of a research instrument. The value of 0.791 suggests that the questionnaire items were consistent and measured the intended construct reliably.

To analyze the influence of demographic factors such as age, gender, work experience, and education level on financing decisions, an independent t-test and One-Way ANOVA were conducted. The independent t-test is an appropriate statistical method for comparing the means of two independent groups, such as gender (male and female), on a continuous dependent variable like financing decisions (Pallant, 2020). On the other hand, the One-Way ANOVA is suitable for comparing the means of three or more independent groups, such as different age groups, education levels, or work experience categories, on a continuous dependent variable (Pallant, 2020). These statistical tests allow researchers to determine whether there are significant differences in financing decisions based on the demographic factors under investigation. The use of these robust parametric tests ensures a rigorous analysis of the various factors affecting financing decisions within SMEs in the specified sectors, as they account for potential variations in the data and provide reliable insights into the relationships between variables (Pallant, 2020).

4.0 FINDINGS

Table 4.1 Summary of the percentage distribution of demographic characteristics

	Frequency	Percent
Age		
25-Jan	142	40.5
26-35	162	46.2
36-45	32	9.1

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	46-55	12	3.4
	56 above	3	0.9
Gender	Male	143	41.8
	Female	208	59.2
Education	Certificate	26	7.5
	Diploma	41	11.7
	Degree	244	69.5
	Postgraduate	40	11.4
Tenure	0-1yr	115	32.8
	2-4yrs	148	42.2
	5-7yrs	56	16
	8yrs above	32	9.1

Data Source: Research findings 2015

4.1.1 Age Distribution

The study showed that out of 351 respondents, there were more people in the age bracket 26-35 (46.2%) compared to 0.9% who were 56years and above who might not have remembered the information that was focused on. (See table 4.1 above).

4.1.2 Gender of the Respondents

It is clearly observed from Table 4.1 above that majority of the respondents (59.2%) were females and the minority were males (41.8%); and both of these were considered in the study to come out with the aims and objectives of the targeted study.

4.1.3 Level of Education

69.5% of the respondents had attained an education up to degree level which was a good level of education to base our study on since they are more informed. This creates a judgment in the study that the majority of the respondents in one way or another might have been aware of the best way to handle transactional and transformational leadership as compared to only 7.5% of the respondents who had attained certificate level. (see table4.1 for details)

4.1.4 Tenure of work

The tenure of work is a key factor in determining the impacts of the leadership. Referring to table 4.1 above, more of the respondents(42.2%) had a tenure range of 2-4years, and they could avail more information readily since it was not too long a period, compared to 9.1% who had 8 years and above, and may not have remembered the relevant experiences in their work of tenure.

4.2 Exploratory Factor Analysis (EFA)

Field (2006) and Hair et al. (1998; 2006) advise that exploratory factor analysis be carried out in an attempt to identify items and components that are deemed significant in the composition of variables under study. In carrying out EFA we intended to; reduce the data set to a more manageable size while retaining as much of the original information as possible, establish the strength between each factor and each observed measure, and compute composite scores using the factor scores that are generated through EFA (Field, 2006).

Table 4.22 Exploratory Factor Analysis for Transactional Leadership

Rotated Component Matrix			
	Factors		
	Management by exception passive	Management by exception active	Contingent Reward
My leader (or direct manager or immediate supervisor) demonstrates that problems must become chronic before taking action.	0.864		
My leader (or direct manager or immediate supervisor) waits for things to go wrong before taking action.	0.851		
My leader (or direct manager or immediate supervisor) fails to interfere until problems become serious.	0.82		
My leader (or direct manager or immediate supervisor) shows that he/she is a firm believer in "If it ain't broke, don't fix it."	0.819		
My leader (or direct manager or immediate supervisor) concentrates his/her full attention on dealing with mistakes, complaints, and failures.		0.887	
My leader (or direct manager or immediate supervisor) keeps track of all mistakes.		0.842	
My leader (or direct manager or immediate supervisor) focuses attention on irregularities, mistakes, exceptions, and deviations from standards.		0.814	
My leader (or direct manager or immediate supervisor) directs my attention toward failures to meet standards.		0.688	
My leader (or direct manager or immediate supervisor) discusses in specific terms who is responsible for achieving performance targets.			0.785
My leader (or direct manager or immediate supervisor) makes clear what one can expect to receive when performance goals are achieved.			0.719
My leader (or direct manager or immediate supervisor) provides me with assistance in exchange for my efforts.			0.69
My leader (or direct manager or immediate supervisor) expresses satisfaction when I or others meet expectations.			0.644
Total	2.864	2.746	2.172
Eigen value	23.866	22.881	18.096
Cumulative %	23.866	46.747	64.843
KMO	0.756		
Chi-square	1701.424		
Df	66		
Sig.	0.05		

As shown in table 4.22, Transactional Leadership yielded three factors i.e. Management by exception, Management by exception (Active) and Contingent Reward. Management by exception (passive) explained 23.87% of the variance in Transactional Leadership; Management by exception (Active) explained 22.88% of the variance in Transactional Leadership while Contingent Reward explained 18.10% of the variance in Transactional Leadership. In total the three factors accounted for 64.843% of the variance in Transactional Leadership. This indicates that there is a much stronger influence of management by exception (passive) in Transactional Leadership than by management by exception (active) and less by contingent reward.

Table 4.23 Exploratory Factor Analysis for Employee Performance

Rotated Component Matrix				
	Factors			
	Task Performance	Productive Work behavior	Self-Drive	Innovative
I kept in mind the results that I had to achieve in my work.	0.818			
I was able to separate main issues from side issues at work.	0.733			
I managed to plan my work so that it was done on time.	0.709			
My planning was optimal (meaning, it was the best I could do).	0.709			
I was able to perform my work well with minimal time and effort.	0.511			
I did not speak with people from outside the organization about the negative aspects of my work.		0.803		
I focused on the positive aspects of a work situation, instead of on the negative aspects.		0.756		
I did not make problems greater than they were at work.		0.738		
I did not speak with colleagues at work about the negative aspects of my work.		0.702		
I took on extra responsibilities.			0.837	
I started new tasks myself, when old ones were finished.			0.729	
I took on challenging work tasks, when available.			0.725	
I came up with creative solutions to new problems.				0.794
I actively participated in work meetings.				0.744
I worked at keeping my job skills up to date.				0.622
Total	2.672	2.36	2.34	2.029
Eigen value	17.816	15.732	15.603	13.53
Cumulative %	17.816	33.547	49.15	62.68
KMO	0.794			
Chi-square	1810.498			
Df	105			
Sig.	0.05			

From table 4.24, Employee Performance yielded four factors i.e. Task Performance, Productive Work behavior, Self Drive and Innovative (the last two were under Contextual performance). Task Performance explained 17.82% of the variance in Employee Performance; Productive Work behavior explained 15.73% of the variance in Employee Performance; Self Drive explained 15.60% of the variance in Employee Performance; and Innovative explained 13.53% of the variance in Employee Performance. In total the four factors accounted for 62.680% of the variance in employee performance. This indicates that there is a much stronger influence of Task Performance in Employee Performance than by Productive Work behavior or Self Drive and less by Innovative.

The items that were retained by EFA were used to compute the global indices i.e. transactional leadership, transformational leadership, job satisfaction and employee performance. The purpose of this was to test for the objectives of this study as mentioned below:

- i. To examine the relationship between transactional leadership style and employee performance

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4.3 Correlation Analysis

In order to establish whether the objectives of the study were supported or not, we carried out a Pearson's correlation analysis. The results are shown in the table below.

Table 4.31 Pearson's Correlation showing the relationship between leadership style and its impact

		Transactional Leadership	Employee Performance
Transactional Leadership	Pearson Correlation	1	
Transformational Leadership	Pearson Correlation	0.228**	
Job Satisfaction	Pearson Correlation	0.424**	
Employee Performance	Pearson Correlation	0.105	1

** . Correlation is significant at the 0.01 level (2-tailed).

Data Source: Research findings 2015

4.32 Examining the relationship between transactional leadership style and employee performance

The objective sought to examine the relationship between transactional leadership style and employee performance. Results from the correlation table 4.31 indicate that transactional leadership style was positively but NOT significantly associated with employee performance ($r=0.105$, $p>0.05$). This means that variations that occur in transactional leadership style are not associated with variations that occur in employee performance. Therefore objective of this study is NOT supported.

4.4 Regression Analysis

The regression analysis was carried out to establish the extent to which the predictor (independent) variables i.e.transactional leadership and transformational leadership explained the variation in employee performance. The findings are shown in table 4.40 below:

Table 4.40 Regression Analysis Results.

Coefficients Model	Unstandardized Coefficients	Standardized Coefficients				
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.952	0.186		15.864	.000
	Transactional Leadership	-0.021	0.048	-0.024	-0.429	0.668
	Transformational Leadership	0.042	0.047	0.055	0.892	0.373
	Job Satisfaction	0.204	0.049			.000
R	Adjusted R Square	0.081	11.329	3	347	.000
	R Square	0.089				

a. Predictors: (Constant), Transactional Leadership, Transformational Leadership

b. Dependent Variable: Employee Performance

The results indicate that without any considerations of the predictors, employee performance makes a constant and significant positive progression of ($B=2.952$). But considering the predictors, Transactional Leadership predict 8.1% of the variance in employee performance ($\text{adj } R^2=0.081$, $p<0.001$). In this study, Transactional Leadership ($B= -0.021$, $p>0.05$) did not appear as

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significant predictors of employee performance. This means that to improve employee performance among the workers, NGOs may have to consider other factors other than the transactional leadership style.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter of the dissertation presents the summary, conclusion and recommendations drawn from the research findings.

5.1 DISCUSSION OF FINDINGS

5.1.3.0 Relationship between Transactional Leadership Style and Employee Performance

Objective 1 sought to establish the relationship between Transactional Leadership Style and Job Satisfaction. From the Pearson Correlation, findings show that the relationship between transactional leadership style and job satisfaction was positive and significant. This means that NGOs can rely on creating changes in transactional leadership style in order to enhance changes in job satisfaction.

These findings support earlier studies by Wu (2009) that transactional leadership enhances employee performance by increasing the follower's job satisfaction.

The findings of this study also support the argument that it is the transactional leadership style that provides high satisfaction and organizational identification as compared to the transformational leadership style (Epitropaki and Martin, 2005). For example, this study found out that increasing contingent rewards of transactional leadership will bring about changes in the pay factor of job satisfaction, i.e. the workers will feel that considering what is expected of them and compared to professionals at other places, the pay they get is reasonable.

This research shows that in NGOs where there are transactional leadership aspects of management- by-exception (Active) and management-by-exception (Passive) there is also increased job satisfaction as regards to supervisor-supervisee interaction. This agrees with a study by Bennett (2009), which argues that transactional leadership in fact helps in predicting subordinates' satisfaction with their leaders.

However, this study disagrees with the findings by Yavirach (2012) that on the individual level, subordinates' job satisfaction has higher direct effects from transactional leadership. According to this study, the relationship between transactional leadership style and job satisfaction was positive but significantly weak. Perhaps this would only agree with studies which say transactional leadership style may not always increase job satisfaction (Rad and Yarmohammadian, 2006) as it sometimes leads to low satisfaction, high stress, and low commitment by followers (Erkutlu and Chafra, 2006).

5.2 CONCLUSION

The following conclusions of the study have been based on the research objectives;

The first objective intended to establish the relationship between Transactional Leadership Style and Job Satisfaction. The study results showed that the relationship between transactional leadership style and job satisfaction was positive and significant. Therefore, NGOs can rely on creating changes in transactional leadership style in order to enhance changes in job satisfaction.

5.3 RECOMMENDATIONS

Firstly, since the results revealed that the relationship between transactional leadership style and job satisfaction was positive and significant, NGOs need to create changes in transactional leadership style in order to enhance changes in job satisfaction.

Finally, since the study revealed that the relationship between job satisfaction and Employee Performance was positive and significant, NGOs should endeavor to create job satisfaction in the organization if they are to achieve employee performance. This is mainly because, based on the results of this study, Job Satisfaction was the only major significant predictor of Employee Performance. For that matter, NGOs need to create a policy of job satisfaction especially because this improves employee performance in the organization.

5.4 AREAS FOR FURTHER RESEARCH

Since this study predicted only 8% of what impacts employee performance in NGOs, it means that other factors contribute the remaining 92%. On that note, other scholars can study the other variables of employee performance in this particular setting, of NGOs.

A longitudinal study on these very variables should be carried out since this particular one was a cross-sectional study.

More so, since this study was mainly quantitative, a qualitative measure of leadership styles, job satisfaction, and employee performance is needed to establish the reasons behind the findings of this study.

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A replicate study in sectors other than NGOs is needed to further understand the relationships between leadership styles, job satisfaction, and employee performance. For example, future research can be conducted on the same variables but in a government body to see if the results can still be the same across.

Also, further research should also be conducted to analyze the impact of leadership styles and job satisfaction on organizational performance since the current research focused on employee performance.

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