

# Transactional Leadership Style and Employee Job Satisfaction among Universities' Guest Houses in South-West Nigeria

Ohunakin Folakemi, Adeniji A. Anthonia

Department of Business Management  
Covenant University  
Ota, Nigeria  
folakemi.ohunakin@stu.cu.edu.ng

Akintayo I. Dayo  
Faculty of Management Sciences  
Osun State University  
Osun State, Nigeria

**Abstract**—This article seeks to establish the relationship that exists between the dimension of transactional leadership style and job satisfaction among employees in Universities' guesthouses in the hospitality sector of the economy. Quantitative cross sectional research design was adopted for the study. The correlation result reveals that contingent reward of transactional leadership style have weak positive relationship on the employee job satisfaction with 0.267 at P-value less than 0.05 level of significance, thus prompting the acceptance of alternative hypothesis.

**Keywords:** *Transactional leadership, employee job satisfaction, University Guesthouses, Nigeria, Leadership style.*

## I. INTRODUCTION

Retention of employee is one of the major issues in service producing industry, especially in hospitality sector. Literature has shown that employee job satisfaction relies largely on the leader's style of leadership which will reduce work load, employee turnover rate, over time and increased the productivity level of both the employee and the entire organisation [1]. Satisfaction of the employee with his or her job will lead to little or no intention to leave. Employee satisfaction, therefore, depends largely on the leadership of such an organisation [2].

Burns [3] argues that transactional leaders and transformational leaders understand employees' needs and help them to fulfil in their given tasks, thereby enabling them to perform extraordinarily in the face of challenges. Bass and Avolio [4] remark that transactional leader understand employee's needs and make provision to meet the needs through the reward given to such employee for his or her hard work and contributions towards the completion and success of the assigned duties. Employees under transactional leadership believed that their relationship with their superior is based on the outcome of their performances [5].

With hospitality sector being one of the major employer of labour and contributor to national Gross Domestic Product (GDP), there is necessity to explore more about job satisfaction of the major players in this sector of the economy which are the employee. Since no previous studies examined transactional leadership styles and employee job satisfaction especially in southwest of Nigeria. Therefore,

this study seeks to establish the relationship that exist between transactional leadership style and job satisfaction among the employees in the selected Universities guesthouses in southwest Nigeria.

The study aim to analyse the relationship between the contingent rewards of transactional leadership on the employee job satisfaction in the selected Universities' guest houses in southwest, Nigeria. In order to achieve its stated objectives, the study is divided into the following sections:

## II. LITERATURE REVIEW

### A. Job Satisfaction

In the work of Jorfi and Jorfi [6], job satisfaction was identified as employees' affective reactions towards their jobs as the outcome they desired are achieved, while Zhu [7] states that, job satisfaction is a product of non-regulatory mood tendency. Organisational outstanding performance depends largely on the employee satisfaction, it reveals how much an individual enjoys his or her job [8], individual emotional attachment to his or her job that could be viewed as global satisfaction (satisfaction with every aspect of the job) or facet satisfaction (satisfaction with a particular aspect(s) of the job) [9].

Combination of several factors creates job satisfaction and dissatisfaction among employee, which could be either motivators/intrinsic or hygiene/extrinsic factors [10]. Motivators (achievement, recognition, the work itself, responsibility and promotion/opportunity for promotion) promote job satisfaction. While hygiene factors (pay or salary, organizational policies, communication with colleagues/superiors, work conditions, supervision and leadership) absence could lead to employee dissatisfaction, but do not have direct effect on employee job satisfaction. Literature has shown that perception of equal opportunities in the place of work, level of training and development available, clear communication, teamwork and cooperation, feeling of personal accomplishment, work-life balance and receiving recognition for good performance are the major predictors of employee job satisfaction [11].

### B. Transactional Leadership Style

This concept was introduced for the first time by Max Weber in his work on socio-economic considerations of the organization. Transactional leadership was defined by Weber as a leader who earns leadership through normative rules and regulations, strict discipline and systematic control. Burns, [3] describes transactional leadership style as more of “give and take” type of relationship at work, where exchange is a major form of interaction between superior and subordinate, such as a monetary rewards for achieving set objectives. Followers’ obedience relied not only on rational values and rules, but also on laid down agreements. Followers are guided and at same time limited to the tasks assigned to them. Remuneration is fixed on hierarchical order and organization’s bureaucracy. Clearly defined coercive measures are already established as it relates to different situations and conditions [12]. A transactional leader clarifies and lay much emphasis on goals and objectives, require tasks, performances, organisational rewards and consequence of laxities. Transactional leader overrides the personal interest of subordinates. It is a type of leadership style that is more of an exchange process such as “if you do this for me, this will be your reward.

Transactional leaders motivate subordinates by appealing to their personal desires. Burns [13] describes transactional leadership style as a “favour-for-favour” exchange. Transactional leader concentration is on performing the task in the right way. The followings are the three major dimensions of transactional form of leadership style: contingent rewards, management by exception (passive) and management by exception (active).

1) *Contingent Reward*: This depicts the exchange and transactional effectiveness between superior and subordinates. Transactional leaders that adopt this dimension will be ready to render any assistance in exchange for the subordinates’ efforts and such leaders will only be satisfied when their expectations are met accordingly. Rewards or incentives are used for the achievement of desired outcomes.

### C. Douglas McGregor Theory X and Theory Y

The theoretical review for the independent variable (transactional leadership style) of this study is based on Douglas McGregor Theory X. McGregor was the first full time professor of psychology at MIT University. In 1960, he identified and developed this renowned Theory X and Theory Y in his book Human Side of Enterprise. These theory Y and theory X are theories of human motivation that have been used for human resources management, they describe two very different attitudes toward workforce motivation and based upon Maslow’s hierarchy of needs.

#### 1) Theory X

McGregor’s Theory X states that the workers should be constantly watched and directed on required task, that management needs to coerce and control employees, it assumes that an average worker does not like work, always

wants to avoid responsibilities at all time, and work performance is motivated by either money, position or punishment. Theory X believes in adoption of regulations that are designed to enforce compliance, that average person have no ambition, dislikes responsibility, and prefer to be a follower rather than a leader, resist change, selfish and, therefore, does not have organizational commitment. Theory X could be likened to transactional leadership style which shows a pessimistic view of employee’s nature in workplace.

## III. METHODOLOGY

### A. Research Design

This empirical research utilized cross-sectional research design to examine the influence of contingent reward of transactional leadership style on the employee job satisfaction. The population of this study consists of four hundred and ten (410) employees that are working in the six functioning Universities’ guest houses within the south-west of Nigeria. Total enumeration method was used for determining the sample size, this is when the entire population is taken as the sample.

Probability random sampling technique has been chosen for this study because of their accessibility and proximity to the researcher and at the same time to enable the researcher to achieve the sample size needed for the study. Also these samples are within the geographical location, open door administration of these organisations, extremely fast, easy, readily available and cost effective. The Cronbach’s Alpha for all the variables is shown in Table 1.

TABLE I: Cronbach’s Alpha for All Variables

1	Transactional Leadership Style	Contingent Reward	0.842
2	Job Satisfaction		0.832

### B. Method of Data Analysis

The study adopted SPSS software version 21 to analyse the data gathered which will enable the study to summarize and synthesize the data collected quantitatively using Pearson product moment correlation. Six points likert scale questionnaire was used as a measuring instrument, with 6 Strongly Agree (SA), 5 representing Agree (A), 4 representing Partially Agree (PA), 3 representing Partially Disagree (PD), 2 representing Disagree (D) and 1 representing Strongly Disagree (SD). The Pearson Product-moment Correlation Coefficient was used to measure the strength and intensity (dependence) between two variables X and Y giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation and -1 is negative correlation. Three hundred and twenty four (324) questionnaires were correctly filled and returned which represent 79% response rate.

### C. Research Question

This study research question indicates: in what way is contingent reward of transactional leadership influence job satisfaction of employee in selected guest houses in southwest of Nigeria?

### D. Research Hypothesis

The following hypothesis stated in a null form was established in order to be able to provide solution to the above research question.

#### Hypothesis I

H<sub>1</sub>: Contingent reward of transactional leadership style has no significant relationship with employee job satisfaction in selected Universities' guest houses in southwest of Nigeria.

TABLE II: CORRELATION SHOWING RELATIONSHIP BETWEEN CONTINGENT REWARD AND JOB SATISFACTION

	CR	JS
CR	Pearson Correlation	.267**
	Sig. (2-tailed)	.000
	N	324
JS	Pearson Correlation	.267**
	Sig. (2-tailed)	.000
	N	324

\*\* . Correlation is significant at the 0.01 level (2-tailed). *Source: Field Survey, March 2016*

Table 2 showed the relationship between the contingent reward (independent variable) and job satisfaction (dependent variable). The results show a positive correlation between contingent reward and job satisfaction. The relationship is significant at 0.05 or 5% level of significance, we therefore accept the alternative hypothesis and reject the null hypothesis and conclude that contingent reward will significantly improve the employee job satisfaction in the Universities' guest houses studied. The extent to which contingent reward influences job satisfaction is to the degree of 0.267 which is 26.7%.

Literature has shown that contingent reward of transactional leadership style have positive effect on subordinates' satisfaction and performance [14, 15]. Transactional leadership style is task-oriented, give reward based on performances and has positive relationship with subordinates' job satisfaction [16, 17]. Transactional leadership style had been identified with little influence on the employee job satisfaction in the study conducted on the international companies in (UAE) according to [18].

According to [19] contingent reward significantly enhances employee satisfaction within the Nigeria work environment and the banking sector specifically.

In the study conducted by Javed, Jaffari, and Rahim, [20] on selected private banks in Pakistan, they hypothesised transformational and transactional leadership styles on the satisfaction of the employees with their jobs, and the outcome revealed that branch managers in Pakistan banks embraced transactional leadership style as the major leadership style that boost the satisfaction of the employees with their job.

### IV. CONCLUSION

The result from the correlation table showed that, transactional leadership style dimension (contingent reward) have positive but weak relationship with the satisfaction of the employee with their job. This suggests that transactional leadership style dimension (contingent reward) although, the relationship is weak, but at the same time could be used alongside with other forms of leadership styles in order to make it suitable for the service producing firms especially in the Universities' guest houses that had been used as case study for this research work, and to get the best out of the subordinates. This is consistent with the study carried out in Pakistan [21].

Transactional leadership style could be perceived as style of leadership management strategy that will enable employees to have clear understanding of their given task and the objectives associated with such task as established by the leader. It is expected of a leader to be professionally skilful in his or her field of expertise. Therefore, for performance improvement, it is imperative for firms with leadership capabilities to enhance their management style using this skill, which will reduce the labour turnover, workload, job stress, over time and uncertainties and improved the employee job satisfaction in this sector of the economy.

### V. RECOMMENDATIONS

For the leadership in the Universities' guest houses, the study recommends that they should be leaders by example, motivate their subordinates through their style of leading and work towards becoming their role model. Also, the leadership in the Universities' guest houses studied, should encourage their subordinates by giving recognition to their achievement, reward accordingly, embrace their strength and assist them to overcome their weaknesses by so doing these problems confronting this sector will be overcome.

The leadership should do away with old style of totalitarianism and give considerations to workforce concerns, feelings and thoughts by embracing leadership style that will suite the situation which will bring about positive influence on the employee job satisfaction and thereby result in increase in revenue earning in this sector of the economy. For further research, the study suggests the inclusion of other dimensions of transactional leadership style such as management by exception (passive) and management by exception (active).

## REFERENCES

- [1] E. Tnay, A.E.A. Othman, H.C. Siong, and S.L.O. Lim, "The influences of job satisfaction and organizational commitment on turnover intention," *Procedia – Social and Behavioural Sciences*, vol. 3, pp. 10-23, 2013.
- [2] M. Yaslioglu, A.O. Karagulle, and M. Baran, "An empirical research on the relationship between job insecurity, job related stress and job satisfaction in logistics industry," *Procedia – Social and Behavioural Sciences*, vol. 99, pp. 332-338, 2013.
- [3] J. M. Burns, "Leadership", New York City, NY: Harp Perennial. Pp 106, 2010.
- [4] B.M. Bass, and B.J. Avolio, "The Implication of Transactional and Transformational Leadership for Individual teams, and Organizational Development," *Research in Organizational Behaviour*, vol. 4, pp. 231-272, 1990.
- [5] C. Wang, H. Chang, and J. Douglas, "Combining CAT with cognitive diagnosis: A weighted item selection approach," *Behaviour Research Methods*, vol. 44, pp. 655-670, 2012.
- [6] H. Jorfi, and S. Jorfi, "Strategic Operations Management: Investigating the Factors Impacting Communication Effectiveness and Job Satisfaction," *Procedia-Social and Behavioural Sciences*, vol. 24, 1596-1605, 2011.
- [7] Y. Zhu, "A review of Job Satisfaction," *Asian Social Science*, vol. 9, pp. 31-45, 2013.
- [8] P.E. Spector, S. Fox, and T. Domagalski, "Emotions, Violence, and Counterproductive Work Behaviour," *Perspective on Workplace Violence*, pp. 29-46, 2005.
- [9] R.P. Tett, and J.P. Meyer, "Job satisfaction, organizational commitment, turnover, intention, and turnover: Path analysis based on meta-analytic findings," *Personnel Psychology*, vol. 46, pp. 259-293, 1993.
- [10] O.J. Samuel, "Leadership behaviour, organizational commitment, job satisfaction and service quality in commercial banks in Uganda. A case of Kampala District," Unpublished Thesis, 2011.
- [11] J. Andreassi, L. Lawler, M. Brockerhoff, and Rutigliano, "Job satisfaction Determinants: A Study Across 48 Nations," Business Faculty Publication. Jon F. Welch College of Business, pp. 01-25, 2012.
- [12] S. Nikezie, S. Purie, and J. Purie, "Transactional and Transformational leadership: Development through changes," *International Journal for Quality research*. vol. 6 pp. 01-15, 2012.
- [13] J.M. Burns, "Leadership," Harper and Row, pp 342, 1978.
- [14] H.P. Sims, S. Faraj, and S. Yun, "When should a leader be directive or empowering? How to develop your own situational theory of leadership." *Business Horizons*. Vol. 52, pp. 149 – 158, 2009.
- [15] C.S. Burke, K.C. Stagl, C. Klein, G.F. Goodwin, E. Salas, and S.M. Halpin, "What type of leadership behaviours are functional in teams? A meta-analysis," *The Leadership Quarterly*, vol. 17, pp. 288-307, 2006.
- [16] C.L. Giltinane, "Leadership Styles and Theories," *Nursing Standard*, vol. 21, pp. 35-39, 2013.
- [17] B.L. Marquis, and C.J. Huston, "Leadership Roles and Management functions in Nursing: Theory and Application," (6<sup>th</sup> Ed.) Philadelphia, Wolters/Kluwer/Lippincott Williams and Wilkins.
- [18] C. Fernandes, and R. Awamleh, "Transformational and Transactional Leadership Styles on Employee's Satisfaction and Performance: An Empirical Test in A Multicultural Environment," *International Business & Research Journal*, vol. 3, pp. 75-96, 2008.
- [19] O. J. Akhigbe, M.F. Ajenka, and O.F. Oloda, "Transactional leadership style and employee satisfaction in Nigerian banking sector," *European journal of business and management*, vol. 6, 2014.
- [20] H.A. Javed, A.A. Jaffari, and M. Rahim, "Leadership Styles and Employees' Job Satisfaction: A case from the Private Banking Sector of Pakistan," *Journal of Asian Business Strategy*, vol. 4, pp. 41-50, 2014.
- [21] M.U. Paracha, A. Qamar, A. Mirza, and I. Waqas, "Impact of leadership style (Transformational and Transactional Leadership) on employee performance and mediating role of job satisfaction study of private school (educator) in Pakistan," *Global Journal of Management and Business Research*, vol. 12 pp. 55-64, 2012.

