



Effect of Leadership Styles on Employee Performance in Selected Nigerian Organizations: A Study of Naze Industrial Clusters, Owerri

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Abstract: *The purpose of this study is to investigate the effect of leadership styles on employees performance in selected Nigerian organization. The transactional and transformational leadership styles were considered in the study. Five small-scale business enterprises were initially selected through stratified random sampling technique, from a total of 20 subjectively identified small-scale enterprises. The enterprises were stratified according to their respective similar industries or the activities they perform, eight respondents were randomly selected from each of these five organizations for a sample size of forty (40) respondents. The study used a survey design and employed evaluative quantitative analysis method. Ordinary Least Square (OLS) multiple regression models were specified, estimated and evaluated. The result showed that while transactional leadership style had significant positive effect on productivity or performance outcome, transformational leadership style had insignificant positive effect on performance outcome. The study concluded that transactional leadership style was more appropriate in eliciting high productivity in small scale business organizations, than transformational leadership style and, therefore recommended transactional leadership style with inbuilt strategies for transition to transformational leadership style as the organizations develop expand and grow to maturity.*

Key words: *Leadership Styles, Employees, Performance, Organization*

INTRODUCTION

Leadership is one of the factors that play a significant role in enhancing and retaining the interest and commitment of employees in organization. Organization, group, institutions developed or even the emerging economies of the world face leadership problems. The success or failure of any organization depends on the leadership and the styles. Messick and Krammer (2004) argued that the degree to which the individual exhibits leadership traits depends not only on his characteristics and personal abilities but also in the characteristic of the situation and the environment in which he finds himself. This is because previous views and studies about leadership show it as personal ability to influence and lead people.

“Leaders motivate, inspire and encourage followers in their willingness, earnestness, zeal and intensity to work”. In today’s society, the flow of life depends on the organizations’ survival of community, work function and effective performance. Organizations have been established to address social needs and group activities.

Leadership is one of the contentious issues in all societies and organizations. Leadership is the aspect of management that falls under the direct function of a manager and one of the attributes of a good manager is effective leadership. The reason behind the wide spread concern

about leadership is that there is a direct relationship between leadership and goal attainment in every organization.

The main drivers of organizations are the human resources. They give life to the organizations and provide goals. Throughout history, the development and changes made by individuals and groups are associated with the presence of a person known as a “Leader”. These actions for achievement of group goals have been undertaken under his guidance. Also, our world today suffers because majority of our leaders fail to be responsible and to serve the common good. Leadership has been one of the pillars of human societies; Obikeze, Obi & Abonyi (2005) defined leadership as “simply the ability of a superior to influence the behavior or attitudes of subordinates towards a particular end.

“Leading” is sometimes regarded as being equivalent to “managing” and this is not correct, Onuegbu and Obiah (2015) says leadership is not synonymous to “managing” not only because there can be a leader of even an unorganized group of persons while there can only be a manager in an organized set-up, but also because leadership is an aspect of managing. A manager can only be effective therefore if he leads well.

Human resources management has to do with the totality of human assets as it exists in any organization and how it is managed as in its planning, recruitment, selection and training the available personnel in the organization. Onuegbu and Obiah (2015) opined again and said that the effectiveness of any work organization is dependent upon the efficient use of the human resources. The human element plays a major part in the overall success indices of the organization.

Leadership and human resources in an organization must go concurrently. This is so because the key factor for improving the human resource performance of an organization depends on the effectiveness of the leadership style administered at all levels.

Transactional and transformational leadership are contemporary perspectives of leadership which are polar opposites, but aim at goal attainment in an organization. The main background of this work talks a little about the origin/history of the theories discussed in this research. (The transactional and transformational leadership styles).

The concept of transformational leadership was initially introduced by leadership expert and presidential biographer James MacGregor Burns. According to Burns, transformational leadership can be seen when “Leaders and follower make each other advance to a higher level of morality and motivation” through the strengths of their vision and personality, transformational leaders are able to inspire followers to change expectations, perceptions, and motivations to work toward common goals.

The transactional style of leadership was first described by Marx Weber in 1947 and then by Bernard Bass in 1981. This style is most often used by the managers. It focuses on the basic management process of controlling organizing and short term planning. From the above, it is clearly stated that leadership styles were designed to motivate and inspire followers also for the achievement of the organizational goal.

The concept and definition of leadership and style may differ from one person or situation to the other. The word “leadership” has been used in various aspects of human endeavour such as politics, business, academics, social works etc. (Obiwuru, Akpa and Nwankwere, 2011). Since human beings could become members of an organization in order to achieve certain personal objectives, and the extent to which they can achieve membership goals depends on how they are convinced on their predetermined objectives. It means that an

individual will support an organization if he believes that through it his personal objectives and goals could be met; if not the persons interest will decline. Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization. Thus, Glantz (2002) emphasizes the need for a manager to find and define his leadership style.

Statement of Problem

Human resources management is an aspect of the organization that is very delicate in the sense that any wrong move by the leader to manipulate it may have negative impact on work performance and job satisfaction or employee satisfaction. Most often, the relationship between the leadership styles and the human resources management in an organization is vague. The problems of poor leadership have led organizations to shut-down operations. Poor leadership styles have also reduced productivity and the welfare of human resources management of an organization. It is therefore imperative to know which leadership style best suit the management of an organizations workforce so as to improve performance and attain employee satisfaction.

Among the leadership problems confronting organizations in Nigeria are:

- ❖ Inconsistent use of transformational leadership style which have affected the welfare and productivity of employees in their work performance.
- ❖ Inappropriate use of transactional leadership style to enhance increase in productivity in Small Scale Business Enterprise.
- ❖ Lack of measuring indices to know how the respective leadership styles exact significant effect on the productivity of small business organizations.

Also the extent to which members of an organization contribute in harnessing the resources of the organization equally depends on how well the managers (leaders) of the organization understand and adopt appropriate leadership style in performing their roles as managers and leaders. It therefore means that efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends to a large extent on leadership style among other factors. Akpala (1998) identifies attitude to work, leadership style and motivation as some of the factors that exert negative effect on organizational performance in Nigeria.

Our study aligns with the concept of leadership as explained by Taffinder (2006) and thus considers leadership within the context of a small business unit as the action of managers of the enterprise to contribute their best to the purpose of the organization. A small scale enterprise is one with relatively small number of employees and low capital strength. Obiwuru *et al.* (2011).

Objectives of the Study

The main objective of this work is to identify the effect of leadership styles on employee performance in Nigerian organizations using the transformational and the transactional approach. Other specific objectives include:

- ❖ To ascertain if transformational leadership style can improve the productivity and welfare of the human resources of an organization.

- ❖ To identify the relationship between the transactional leadership style and productivity in small scale business enterprises that will lead to improve employee performance.
- ❖ To determine how the respective leadership styles exert significance effect on performance in the small business organization.

Hypotheses

Three hypotheses were stated for testing to explain the relationship of leadership style on employees performance and their productivity indices in Nigeria organizations. They are:

H₁ There is no positive relationship between the transformational leadership style and the productivity indices in small scale business enterprises.

H₂ There is no positive relationship between the transactional leadership style and productivity indices in small scale business organization.

H₃ There is no significant relationship between the respective leadership styles on the productivity indices in small scale business organizations

Significance of the Study

From all indications, this study is geared to evaluate the effect of leadership style on the human resources management in small business enterprises- the transformational and transactional approach. Many times the contribution of these small scale enterprises to the economic growth of the Local, State and Federal government where these are situated are not felt by the citizens, but they contribute a lot to the economic growth through the payment of various dues and taxes. The work will also contribute to the empirical studies on leadership style and human resource management identification of performance, proffer quantitative based recommendations for policies and programmes to reposition the small scale business as an integral part of the engine of economic growth and development in Nigeria. Also to arouse the desired interest on government to pay adequate attention on such sectors of the economy because of its importance/ability to reduce unemployment rate in the country.

Area and Scope of the Study

The area of this study covers the Naze Industrial Clusters, located at Naze Owerri North Local Government Area of Imo State Nigeria along Owerri-Aba Road express-way. A small scale enterprise is one with relatively small number of employees and low capital strength. Obiwuru *et al.* (2011). Nevertheless, for the purpose and scope of this work, we will look at small business units as any establishment with capital investment of Twenty Thousand Naira (N20,000) and above either gotten as a soft loan or equipment leased, with workforce of one person to ten and with any amount of annual turnover. It includes business centers, hair dressers, dry cleaners, printers, welders and fabricators ceramic making and laying, furniture makers and sales, road side vulcanizers, restaurants, convenience stores and farms etc. And the scope will only consider the transformational and transactional leadership styles as applied by the owners and managers of these SMEs to determine its effects on workers performance and productivity.

REVIEW OF RELATED LITERATURE

Leadership Styles – Nature and Meaning

For the process of organizing to take place somebody must provide the leadership and direction necessary for activity to take place. In every organization, a leader (manager) makes efficient use of the human resources (labour) to achieve organizational objectives. This is because human capital is the most important asset of an organization as it comprises of all the knowledge, skills, energies, talents and the potentials of the employee in the organization. It was Drucker who said that corporate leadership is all about creating a vision for others to follow, establishing corporate value and ethics, and transforming the way the organization does business in order to improve its effectiveness and efficiency. Good leaders motivate workers and create the environment for workers to motivate themselves to greater performance. The increase in the number of business organizations and the way of managing them has called for the high demand in human resource utilization through effective and efficient leadership style(s). The transactional and the transformational leadership styles has attracted a special attention in this work because of their contemporary nature in modern day management of organizations.

Transactional Leadership Style

Transactional leadership styles are more concerned with maintaining the normal flow of operations. They can be described as “Keeping the ship afloat” and they make use of disciplinary power and an array of incentives to motivate employees to perform their best. The term “Transactional” refers to the fact that this type of leader essentially motivates subordinates by exchanging rewards for performance. In contrast with a transformational leader, a transactional leader accomplishes goals by rewarding employees who meet expectations, Bass (1990). These rewards come in the form of recognition, pay increases and advancement. Employees who fail to perform per expectations, however, are penalized. The transactions or exchanges are the promise of reward for good performance and discipline for poor performance. These are the characteristics of effective transactional leadership (Bass, Avolio, Jung and Berson, 2003).

A transactional leadership style involves motivating and directing followers primarily through appealing to their own self-interest. The power of transactional leader comes from their formal authority and responsibility in the organization. The main goal of the follower is to obey the instruction of the leader. The style can also be mentioned as a telling style.

In transactional leadership, rewards and punishments are contingent upon the performance of the followers. The leader views the relationship between managers and subordinates as an exchange- “you give me some time for something in return”. When subordinates perform well, they receive some type of reward, when they perform poorly, they will be punished in some way. The exchange between leader and follower takes place to achieve routine performance goals. This exchange involves four dimensions.

Contingent reward: Transactional leaders link the goal to reward, clarify expectation, provide necessary resources, set mutually agreed upon goals and provide various kinds of reward for successful performance.

Active management by exception: Transactional leaders actively monitor the work of their subordinates, watch for deviation from rules and standards and taking corrective action to prevent mistakes.

Passive management by exception: Transactional leader intervene only when standards are not met or when the performance is not as per the expectations.

Laissez-fairs: The leader provide an environment where the subordinates get many opportunity to make decision.

Transactional leadership is an exchange posture that identifies needs of the followers and provides reward to meet those needs in exchange for expectation of performance.

Transformational Leadership Style

Dixon (1998) described transformational leader as, the main driver behind effective behaviour. Dixon's study revealed that a leader's behavior is influenced by four factors of self-confidence, integrity, honesty and personal values. The primary driving force behind effective performance is the leader's ability to connect his or her life experience with transformation, resulting in organizational transformation.

Schuster (1994) states that transformational leadership appeals to higher motivation, while improving the quality of life of the member of an organization. A transformational leader is able to motivate follower to act on their own behalf and for the needs of others. Here, the leader empathizes with the developmental needs of his/her followers. According to Jung Yammari (2009) transformational leader are good mentors and provide coaching to their followers. Transformational leadership focuses on people (Burn, Stagl, Klin, Goodwin, Salas and Halpin, 2006). Bass (1990) explain that such leadership motivates its followers; it moves people beyond self interest and allows them to focus on the transformational leader who is able to focus on the good of the group or society Stewart (2006). Transformational leader are able to articulate an appealing vision of the future by communicating ideologies and leading through example. This leadership tends to improve the team's morale and motivates the team members Stewart (2006). Transformational leaders strive for excellence without the use of power or authority rather by inspiring employees through his passion and deep thinking. They aim at innovation by creating new opportunities for employees in an organization.

Transformational leaders are described to hold positive expectations for followers believing that they can do their best. As a result, they inspire, empower and stimulate followers to exceed normal levels of performance. Transformational leaders also focus on and care about followers and their personal needs and development. Transformational leaders fit well in leading and working with complex work groups and organizations, where beyond seeking an inspirational leader to help guide them through an uncertain environment, followers are also challenged and feel empowered; this nurtures them into becoming loyal high performers. In small scale organizations too, transformational leadership style can still achieve the desire result because of the four components it exhibits. The four components to transformational leadership, sometimes referred to as the 4I's:

- Idealized influence (II)- the leader serves as an ideal role model for followers; the leader "walks the talk" and is admired for this.
- Inspirational motivation (IM)- transformational leaders have the ability to inspire and motivate followers. Combined these first two I's are what constitute the transformational leader's charisma.

- Individualized consideration (IC)- transformational leader demonstrate genuine concern for the needs and feelings of followers. This personal attention to each follower is a key element in bringing out their very best efforts.
- Intellectual simulation (IS)- the leader challenges followers to be innovative and creative. A common misunderstanding is that transformational leaders are “soft” but the truth is that they constantly challenge followers to higher levels of performance.

Productivity and Organizational Performance

Productivity is an average measure of the efficiency and effectiveness of result oriented activity. It can be expressed as the relation of output to inputs used in the production process. A common example is economic labour productivity usually expressed as output per-hour. It is a function of organizational performance.

On the other hand organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre- determined time using relevant strategy for action Koontz and Donnell (1993). Organizational performance can also be used to view how an organization is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenues, profit, growth, development and expansion of the organization. Obiwuru *et al.* (2011).

Understanding the effects of leadership on performance is important because leadership is viewed by some researchers as one of the key driving forces for improving a firms performance. Therefore effective leadership is seen as a potent source of management development and sustained competitive advantage for organizational performance and improvement (Avolio, 1999; Lado, Boyd and Wright, 1992; Rowe, 2001).

Relationship between the Human Resources Management and Leadership Styles

Human resource management plays a vital role in all organizations management. The importance of human resource management is to increase the productivity from man power resources day by day and it became a factor in the organizational strategic management. It gradually increases the human capital and organizational performance by managing them effectively (Delaney *et al.* 1997).

The leadership style adopted by leaders in an organization greatly affects the performance of the human resource management. This is so because leaders who influence people are to achieve the set goals and increase organizational performance. The leader is expected to lead the process of planning and execution of activities to achieve the organizational goals.

Moreover, organization realized that effective leadership is that which is required by leaders to lead the human resource management of organizations in order to survive in the business environment. In all, good leadership leads to satisfaction, encouragement and motivated spirit of the human resource.

Theoretical Framework

The transformational- transactional theory of leadership is perhaps the most prominent among the various theories of leadership and motivation relating to effective organizational change

management. As opined by Saowalux and Peng (2007), Burns (1978), two direct opposite factors are differentiated the “ordinary” from “extraordinary” leadership that is the transactional and transformational leadership. Transactional leadership is based on conventional exchange relationship in which followers compliance (effort, productivity, and loyalty) is exchanged for expected rewards. In contrast, transformational (extraordinary) leaders raise followers conscious levels about the importance and value of designated outcomes and ways of achieving them. They also motivate follower to transcend their own immediate self- interest for the sake of the mission and vision of the organization.

Such total engagement (emotional, intellectual and moral) encourages followers to develop and perform beyond expectations (Burns 1978; Bass, 1985). Burns (1978), observes that transformational leadership involves the process of influencing major changes in organizational attitudes in order to achieve the organizations objectives and strategies. Bass (1985) also observed that transactional leaders work their organizational outline following existing rules and procedures while transformational leaders change their culture based on a new vision and a revision of shared assumptions, values and norms.

Bass (1985).operationalized the work of Burns (1978) by developing a model of transformational and transactional leadership referred to in more recent publications as the “full range leadership model” (Bass and Avolio, 1997).

Empirical Review

Researchers have sought to identify which leadership style or elements of it that can be linked to positive outcomes such as job satisfaction, follower motivation, and organizational performance. The body of literature in this field is quite enormous. Judge and Piccolo performed a meta-analysis of 626 correlations from 87 sources to relate transformational, transactional and laissez-faire leadership characteristic on the above mentioned outcomes (Judge and Piccolo, 2004). Their findings support a link between effective leadership and all dimensions of transformational leadership (idealized consideration, as well as a single dimension of transactional leadership, contingent reward though transformational and transactional leadership are often presented as being at opposing ends of a spectrum but a combination of select elements from both leadership styles may yield the best results.

These meta-analytic findings are consistent with a more recently published work by Wang et al which showed that transformational leadership had a positive impact at personal team and organizational levels with the strongest boost to performance occurring at the team level (Wang, 2011). They also further explained the impact of contingent reward (a dimension of transactional leadership linked to positive outcomes) as compared to that of transformational leadership. They found out that contingent reward better predicted individual task performance (behavior prescribed by the job role), while transformational leadership predicted better contextual performance (organizational citizenship behavior, which described performance above and beyond what is delineated by job requirements alone).

Also an empirical research by (Judge and Piccolo, 2014; Stewart, 2006) has shown that the transformational style of leadership has a positive correlation with team performance. Performance of non- performing units can therefore be improved by providing the right form of leadership training to the supervisors of these units. The extent of transformational leadership qualities displayed by a leader has direct impact on organizational functioning (Barling, Weber

and Kelloway, 1996). One of the aspects in which a transformational leader impacts an organizations philosophies includes satisfaction of subordinates with their supervisors. The study conducted by Barling *et al.* (1996) extended previous results and strengthened the hypothesis that transformational leadership cannot only result in changing the perception of managers in the eyes of their subordinates, but it can also help improve the subordinates own commitment to the organization while improving performance.

A study conducted by Lowe, Kroeck, and Sivasubramaniam (1996) acknowledge the positive impact that transformational leadership can have on work unit effectiveness. Leaders need to provide their subordinates with individual consideration as well as intellectual stimulus that would enhance the collective morale. Thus by relying on their intimate knowledge of the process and by engaging individuals of their units, these frontline leaders can improve work effectiveness and productivity of their respective units (Lowe “*et al.*” 1996).

On the contrary, Bass *et al.* (2003) mentioned that transactional leaders are counterproductive in an evolving work environment. In the same vain, Howell and Avolio’s (1993) in their study suggests that transactional leadership style is negatively related to unit performance. Since transactional leaders spend most of their time on meeting goals and achieving the desired results, followers may feel that their freedom is being limited and their motivation may decline.

According to Griffith (2004), leadership and turn-over are directly related such that employee satisfaction stems from the work environment, including satisfaction with the leader (Wells and Peachey, 2010). If an employee has a close working relationship and is satisfied with his or her leader, leaving the company would be less likely as there would be a psychological loss involved (Mossholder *et al.* 2005).

METHODOLOGY

The non-experimental or field survey design was used for this study. Hence the research extensively used a cross- sectional field survey of the respondents through questionnaire. Thus, the study followed a survey design. Two major sources for data collection the primary and secondary data were extensively used. The population of study is 215 workers both male and female drawn from five major identified similar small scale business of food processing, water packing, welding and fabrication, ceramic making and furniture making and sales. The research randomly selected eight (8) respondents from each of the identified respective similar industries which gives a sample size of forty (140) respondents.

Five small- scale business enterprises were initially selected through stratified random sampling technique, from a total of 20 subjectively identified small-scale enterprises. The enterprises were stratified according to their respective similar industries or the activities they perform, eight respondents were randomly selected from each of these five organizations for a sample size of forty (40) respondents. A pilot test conducted on the sample showed that leadership style in three was transactional, while leadership style in the remaining two were transformational. Since none was benevolent autocratic leadership style the study concentrated on the transactional and transformational leadership style.

In other to ensure that responses received in respect of the major research instrument are valid, some questions were repeated in another form when conducting the interview. This is to ensure that the respondents were consistent to their responses.

Copies of the questionnaire were distributed by hand to the respondents with instruction on how to fill them out. In all 40 questionnaires survey forms were distributed all filled and returned, giving a return rate of 100%. The reason for the high rate of return was that the researcher personally visited the enterprises, explained and convinced the respondents on the purpose of the research work and the need for them to assist. Also the researcher waited patiently to collect those that are ready and picked a date for the collection of the remaining ones.

Correlations and ordinary least squares (OLS) multiple regression analysis models were used to analyze the hypotheses regarding the relationship between the respective leadership styles and each of the performance variables of the small scale business entity. The OLS fits multiple response variables in a single model that captures the response in a multivariate way such that results may differ significantly from those calculated for the response individual. The hypotheses are analyzed through evaluation of relevant statistics associated with the numerical values of model parameters vis-à-vis their critical values contained in the tables. Eviews econometric statistical instrument is used in generating the result. The questionnaire on transformational and transactional leadership style was set based on the model proposed by Avolio and Bass (2002).

Model Specification and Their Functional Relationship

From the expected relationship between leadership style and performance in the productivity indices, a functional relationship and associated multiple regression models were specified for transformational and transactional leadership styles respectively.

$$PSBU_{TFLS} = f(CHM, II, IM)$$

$$PSBU_{TSLs} = f(CCR, CME)$$

Where:

$PSBU_{TFLS}$ = Productivity in small business unit with transformational leadership style. It is a component of efficiency effectiveness, extra effort and satisfaction.

$PSBU_{TSLs}$ = Productivity in small business unit with transactional leadership style, a composite of effort, loyalty/ commitment

CHM =Charisma, II = Idealized Influence IM = Inspirational Motivation, CCR = Construction/Contingent reward, CME = Corrective /Management by exception.

ANALYSIS OF DATA AND DISCUSSION OF FINDINGS

The result presented in table (1) and (2) shows the OLS result for both models. A cursory examination of the results shows that transformational leadership style has inverse relationship with productivity. The result also reveals that there is no significant relationship between productivity and transformational leadership style.

Table 1

Dependent Variable: $PSBU_{TFLS}$

Method: Least Squares

Date: 08/19/18 Time: 14:51

Sample: 1 40

Included observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.83893	1.491654	9.277569	0.0000
TRANSF	-0.080537	0.115118	-0.699604	0.4884
R-squared	0.012716	Mean dependent var	12.80000	
Adjusted R-squared	-0.013265	S.D. dependent var	0.882886	
S.E. of regression	0.888722	Akaike info criterion	2.650642	
Sum squared resid	30.01342	Schwarz criterion	2.735086	
Log likelihood	-51.01285	Hannan-Quinn criter.	2.681175	
F-statistic	0.489445	Durbin-Watson stat	0.827742	
Prob(F-statistic)	0.488436			

Source: Eview Econometric output, 2018

Table 2

Dependent Variable: PSBU_{TSLs}

Method: Least Squares

Date: 08/19/18 Time: 14:53

Sample: 1 40

Included observations: 40

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.197368	1.092468	4.757455	0.0000
TRANSA	0.638158	0.093132	6.852177	0.0000
R-squared	0.552690	Mean dependent var	12.60000	
Adjusted R-squared	0.540919	S.D. dependent var	1.515729	
S.E. of regression	1.026990	Akaike info criterion	2.939849	
Sum squared resid	40.07895	Schwarz criterion	3.024293	
Log likelihood	-56.79698	Hannan-Quinn criter.	2.970381	
F-statistic	46.95233	Durbin-Watson stat	1.866218	
Prob(F-statistic)	0.000000			

Source: Eview Econometric output, 2018

The hypotheses of interest in an ANOVA are as follows:

- $H_0: \mu_1 = \mu_2 = \mu_3 \dots \mu_k$
- $H_1: \text{Means are not all equal.}$

Where k = the number of independent comparison groups. In the case we have that:

H_0 : There is no significant relationship between the productivity of PSBU_{TFLS} and productivity of PSBU_{TSLs}

Note, the null hypothesis in ANOVA is always that there is no difference in means of productivity of PSBU_{TFLS} and productivity of PSBU_{TSLs}.

Test Statistic for ANOVA

The test statistic for testing H₀: μ₁ = μ₂ ... = μ_k is:

$$F = \frac{n_j (\bar{X}_j - \bar{X})^2 / (k - 1)}{(X - \bar{X})^2 / (N - k)}$$

And the critical value is found in a table of probability values for the F distribution with df₁ = k-1, df₂ = N-k.

Source of Variation	Sums of Squares (SS)	Degrees of Freedom (df)	Mean Squares (MS)
	SSB = $n_j (\bar{X}_j - \bar{X})^2$	k-1	MSB = $\frac{SSB}{K - 1}$
Between Treatments	SSE = $(X - \bar{X}_j)^2$	N-k	MSE = $\frac{SSE}{N - k}$
Errors or Residual			
Total	SST = $(X - \bar{X})^2$	N-1	

We can now construct the ANOVA table

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
PSBU _{TFLS} Between Groups	14.733	3	4.911	11.285	.000
Within Groups	15.667	36	.435		
Total	30.400	39			
PSBU _{TSLs} Between Groups	43.600	3	14.533	11.285	.000
Within Groups	46.000	36	1.278		
Total	89.600	36			

We reject H₀ because 11.28 and 11.37 > 2.99. We have statistically significant evidence at α = 0.05 to show that there is a difference in mean between the productivity of PSBU_{TFLS} and productivity of PSBU_{TSLs}.

A cursory examination of the result shows that transformational leadership style has inverse relationship with productivity. The result also reveals that there is no significant relationship between productivity and transformational leadership style.

Conversely the result of table 2 shows that transactional leadership style is a positive function of increase in productivity. It is also significant in explaining the variations in the productivity index. Thus the model fit as given below:

Model One

PSBU_{TSLs} = f (TRASF) ----- 1

PSBU_{TFLS} = b₀ + b₁ TRANSF + μ ----- 2

Model Two

PBSU_{TSLs} = f (TRANSA) ----- 3

PBSU_{TFLS} = α₀ = α₁ TRANSA + μ ----- 4

Fitting in the regression equation for both model one and two, we have

$$\text{PSBU}_{\text{TFLS}} = 13.03893 - 0.080537 + \mu \text{ ----- } 5 \\ (-0.699604)$$

$$\text{PSBU}_{\text{TSLs}} = 5.197368 + 0.638158 + \mu \text{ ----- } 6 \\ (6.852177)$$

Discussion of Findings

It is expected that positive relationship exist in both variables with their dependent variable but we discovered that the results show that transformational leadership style has negative relationship with productivity while transactional leadership style has not. Wang *et al.* (2011) in their work showed that transformational leadership had a positive impact at personal team and organizational levels with the strongest boost to performance occurring at the team level. Also (Judge and Piccolo, 2014, Stewart, 2006) has shown that the transformational style of leadership has a positive correlation with team performance and productivity.

Similarly our result corroborate was (Wang, 2011) who further explained that the impact of contingent reward (a dimension of transactional leadership linked to positive outcomes-productivity) as compared to that of transformational leadership style. But on the contrary, Bass, *et al.* (2003) said that transactional leadership styles are counterproductive in an evolving work environment. In the same manner Howell and Avolio's (1993) suggests that transactional leadership style is negatively related to unit performance or organization productivity.

The implication of the above investigations was that transformational leadership style works better at medium, large and complex organizations which work as a team, but is less relevant in small scale business organizations. Irrespective that transactional leadership showed positive relationship both in large and small scale business organizations it is sometimes counterproductive. This is because; transactional leaders spend greater percentage of their time on meeting goals and achieving the desired results. Followers may feel that their freedom is being limited and their motivation may decline resulting in low productivity.

CONCLUSION AND RECOMMENDATIONS

The respective partial effects as well as joint effect of transformational leadership behaviours on productivity and performance are statistically insignificant, while those of transactional leadership behaviours on productivity and performance are significant. From all studies carried out in all organizations, transformational and transactional leadership styles have been associated with medium, large and complex organizations as a team work. No serious efforts has been made to draw attention closer to small scale enterprises, such as our case study except the work of Obiwuru *et al.* (2011). Their study also confirmed the result of our study that while transactional leadership style has significant positive effect on productivity or human resources performance, the effect of transformational leadership style on productivity/ human resource performance is insignificant. Some possible reasons can be adduced for these outcomes in small scale business organizations.

1. The fear that majority of these small scale business are solely owned by single individuals who also act as managers, directors and supervisors of the establishment(s)
2. The issue that some employees of these establishments are usually not skilled and experienced professionals.

Therefore, they believe that contingent recognition/reward and management by exception (transactional) rather than charisma, inspirational motivation and idealized influence/ individual consideration (transformational) could be appropriate leadership behaviours and strategies to induce them to perform.

This study has investigated the effect of leadership styles on the human resources management of organization in Nigeria focusing on productivity increase through transformational and transactional approach. The work agreed with the study of Obiwuru “*et al.*” (2011), that in each of the analysis the respective variables has shown that charisma, intellectual stimulation/ individual consideration and inspirational motivation traits of transformational leadership style exhibits some levels of insignificance in the productivity indices of small scale business organizations. Conversely, each trait of transactional leadership style considered in this study viz constructive/ contingent reward and corrective and management by exception has significant positive effect on human resources management and productivity. Thus the study concludes along with Obiwuru “*et al.*” that transactional leadership style is more appropriate in eliciting productivity and effective performances in small scale business organizations than the transformational leadership style. Consequently, the study recommends that small scale business organizations should adopt transactional leadership style because of its peculiar nature in small scale business unit while strategies to transit to transformational leadership style be put in place as the organization develop, grow and mature. Secondly, that proprietors and owners of small scale enterprises introduce elements of transformational leadership styles in the management of human resources components of their organization. This is because studies have shown that it worked in big organizations, it can as well perform wanders in small organizations as well.

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