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TRANSACTIONAL LEADERSHIP STYLE AND EMPLOYEE SATISFACTION IN HOSPITALITY FIRMS IN DELTA STATE, NIGERIA

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Abstract

This study examined the link between transactional leadership style and employee satisfaction in hospitality firms in Delta State. Specifically, it investigated whether contingent reward and active management by exception as dimensions of transactional leadership style have significant effect on employee satisfaction. In order to achieve this objective, the survey research design was used and questionnaire was the major instrument of data collection. The questionnaire was administered to one hundred and thirty-two (132) employees, out of which one hundred and eighteen (118) were fully retrieved. Data obtained were analyzed by means of descriptive and inferential statistical techniques (Pearson correlation and multiple regression). The results of the multiple regression model revealed that contingent reward and active management by exception leadership styles positively and significantly influence employee satisfaction in hospitality firms in Delta State. The study recommended that organizational leaders should employ contingent reward style of leadership so as to inspire employees achieve significant outcomes and be able to exchange benefits from leaders to employees. In addition, there is the need for organizational leaders to possess active management by exception leadership style so as to build and boost employees' self-confidence on the job and the power to increase their efficiency in decision-making when the need arises. The research findings contribute to the overall knowledge on transactional leadership style and employee satisfaction relationship in Nigeria from the perspective of hospitality industry.

Keywords: Active management by exception, contingent reward, extrinsic reward intrinsic reward, leadership styles

1. INTRODUCTION

Leadership is a practice where an individual (the leader) influences people (subordinates), stimulates and supervises their tasks to assist the organizations or groups in realizing their goals. According to Abdelwahed, Soomro and Shah (2023), an individual who possesses or occupies such role of authority is termed 'a leader'. Leaders behave in varied ways, thus giving rise to numerous styles of leadership like democratic, transactional, laissez-faire, autocratic, transformational, etc. More so, the demand for adaptation of novel approaches to managing and leading people and methods of carrying out business activities warrants the study of leadership styles (Hilton, Madilo, Awaah & Arkorful, 2023).

Prior studies on leadership have found manifold leadership styles (Belias, Rossidis, Papademetriou & Mantas, 2023; Khudhair, Rahman, Adnan & Khudhair, 2022). They are best described as behavioural models (a division of styles of leadership such as authoritative, laissez-faire and democratic) and Likert systems (exploitative-authoritative, benevolent-authoritative, consultative and participatory) (Klein, 2023; Udin, 2021). In addition, styles of leadership can be categorized into traits, contemporary and situational leadership models. Regardless of the categorization of leadership styles, they are defined as the behaviours leaders demonstrate while working with people (Alghamdi, Algarni & Saeed, 2020; Almuzaini & Alfallaj, 2020).

Studies made it apparent that leadership is one of the most vital but least understood concept affecting employees' ethics and integrity (Susanto, 2018; Mahmood, 2021). In the views of Alkhaldi, Mgbemena and Alghamdi (2021), it is essential to examine whether there is a recognizable style of leadership that can influence the development of innovative behaviour and ideas. Furthermore, leadership theorists contend that when leaders can effectively lead with suitable style of leadership, it leads to increased organizational performance and employee satisfaction. Therefore, this study seeks to offer new insights into how transactional leadership style (contingent reward and active management by exception) can affect employee satisfaction.

Mamsa, Innocent and Elkanah (2019) described transactional style of leadership as a more of 'give and take' form of relationship in the workplace, where exchange is a key way of interaction between leaders and subordinates (such as monetary rewards for realizing set goals of organizations). For example, extrinsic motivation (increased salaries, promotion, etc.) would make employees satisfied and committed to their work. Notwithstanding this view, exhaustion and frustration due to absence of interests and engagement may lead to low quality of work, low employee productivity and dissatisfaction (Sunarsi, Paramarta Munawaroh, Bagaskoro & Evalina, 2021). Thus, leadership styles used by organizations may produce manifold results.

By emphasizing the interface between leaders and subordinates (employees), transactional leadership style explains how the association between leader and subordinates are hinged on self-interest (Hosna, Islam, & Hamid, 2021; Suliman & Al-Shaikh, 2020; Widodo, Silitonga & Azahra, 2019; Wijayanty 2018). Boamah and Tremblay (2019) asserted that in transactional leadership style, the exchange of benefits from leaders to employees (whether psychological) or (material rewards) serve as guiding principle which can be toughened by threat of punishment.

Practically, exhaustion and frustration in the workplace as a result of absence of interests or engagement may lead to low quality of

work, productivity and decreased commitment on the part of the employees. Hence, psychological grief on employees' part together with the aforesaid elements emanate from a lack of appropriate or suitable leadership style that shapes both employers and employees. This is why Wei and Vasudevan (2022) argued that organizations need to apply efficient techniques of leadership styles that can help build a relationship between them and their employees.

Clearly, while there are numerous studies on other styles of leadership (democratic, autocratic, laissez-faire, transformational, etc) and work-related outcomes, this study observed that there are few studies that have assessed whether transactional leadership style affects job satisfaction in hospitality firms in Delta State in particular and Nigeria in general. Therefore, this study is interested in analyzing transactional leadership variables (contingent reward and active management by exception) and their effect on job satisfaction. To address the identified gap, the following research questions were raised. (i) What is the effect of contingent reward on employee satisfaction and (ii) does active management by exception affect employee satisfaction in hospitality firms. The study hypothesized that: (i) Contingent reward have no significant effect on employee satisfaction. (ii) Active management by exception have no significant impact on employee satisfaction

The significance of this study lies on the fact that there is limited body of knowledge about transactional leadership styles in hospitality sector in Nigeria which has undergone significant transformation in recent times coupled with the need to improve quality of hospitality services. Therefore, studying transactional leadership style and its effects on employee satisfaction in the hospitality sector in Nigeria can offer valuable insights into effective leadership practices that can assist in achieving part of the goals of Vision 2030 initiative

Furthermore, hospitality sector in Nigeria is facing some challenges including the need to enhance employees' efficiency and customers' satisfaction. These challenges demand for leadership that can make employees deliver quality services to customers. Therefore, the study of transactional leadership style and its effect on employee satisfaction is vital to understanding leadership style that can be used to address the identified challenges among hospitality firms. Finally, the findings of this study will be useful to researchers who may be interested in carrying out future research on transactional leadership style and job satisfaction.

2. REVIEW OF RELATED LITERATURE

2.1. Transactional Leadership Style

Transactional leadership style (TLS) was first introduced by Max-Weber. Weber sees it as relating to leaders who use normative rules, stern discipline, and methodical control in their leadership. Mamsa, et al (2019) described TLS as a 'give and take' leadership relationship, where exchange is a way of interaction between leaders and subordinates. In the context of organizational setting, TLS ensure that employees' allegiance relies on rational values and rules together with laid-down agreement (Azim & Islam, 2020). Also, transactional leaders ensure that remuneration is fixed on hierarchical arrangement and organization's bureaucracy. According to Abd Rahman (2021), transactional leaders clarify and put more emphasis on organizational goals and consequence of

negligence. Thus, they dominate the personal interests of employees.

Transactional leaders maintain the status quo and are oriented to improve on the current way things are done in the organization; hence they are task and people oriented (Puspa, Murtiningsih, Cirealkita, Amani, Lestari & Widyanti, 2019). Task-orientation is a degree to which leaders organize and define relationship in a group by activities (e.g. assigning certain tasks, clearly specifying the laid down procedures, encouraging employees to work very hard, emphasizing deadlines and closely supervising employees). On the other hand, people-orientation is a degree to which leaders create environment of emotional supports, trust, warmth and friendliness in and within organizations (Mwesigwa, Tusiime & Ssekiziyivu, 2020).

Abdelwahed et al (2023) believed that transactional leaders are friendly, trustful and respectful; they treat employees as equals and are willing to allow employees participate in decision-making. One way transactional leaders use in promoting their characteristics is via financial rewards (increase in salaries) and non-financial rewards (promotions and other benefits). Given that TLS is hinged on exchange, it does not motivate employees beyond a level that is essential to avert punishment or gain extrinsic reward (Boamah & Tremblay, 2019).

As stated by Akhigbe, Ajienka, and Oloda, (2014), Mendoza Solis, García Alcaraz, Avelar Sosa, and Manotas Duque, (2023), Udayanga (2020), transactional leadership style has several dimensions. These dimensions include: task-orientation, people orientation, contingent reward, active management by exception, and passive management by exception. However, for the purpose of this study, only contingent reward and active management by exception will be used.

Contingent reward: Contingent reward, according to Akhigbe et al. (2014), is the extent to which a leader facilitates positive interactions with followers. The leader sets the incentives for fulfilling expectations and is extremely explicit about what is expected of them. The followers' expectations and the rewards that await them when they perform to the required standards are made clear by the leader. As stated by Mendoza Solis, et al (2023), the description of the job to be done, where incentives are utilized to influence the worker, is referred to as contingent reward. The leader provides clarification on the specified objectives, defines expected performance levels, acknowledges goals upon achievement, and assigns awards to the participants based on their hard work.

Active management by exception: The extent to which a leader makes corrections based on the outcomes of leader-follower interactions is known as management by exception (Akhigbe, et al. 2014). Mendoza Solis et al (2023) state that this aspect of transactional leadership entails ongoing oversight to prevent abnormalities in protocols, disobedience of regulations, or systemic errors, and to promptly address them when they arise. Changes to reduce problems are encouraged before they become more serious or complex. Compliance requirements are defined, and personnel who fail to meet them may face consequences.

Thus, contingent reward and active management by exception can cause employee satisfaction and performance to increase (Lumbantoruan, 2020; Klein, 2023). On the contrary, TLS ensure that when employees are unable to meet promised expectations, it may lead to negative motivations (punishments); in which case,

transactional leaders employ contingent reward and active management by exception method (Mamsa, et al. 2019). However, this tends to limit self-reliant thinking and creativity among employees (Mulyati, et al. 2023; Sunarsi, et al. 2021). Skopak and Hadzaihmetovic (2022) opined that TLS (contingent reward and active management by exception) are more appropriate in specific situations where activities and tasks are clearly defined.

2.2. Employee Satisfaction

The concept of employee satisfaction has received numerous definitions in the management literature. Thus, employee satisfaction has been employed by varied researchers based on diverse research designs and contexts. Employee satisfaction is the aggregate affective orientation on employee's part towards work tasks and roles which they occupy (Abd Rahman, 2021). In the views of Alkhalid, et al (2021), employee satisfaction is an employee affective reaction towards job roles. To Almuzaini and Alfallaj (2020), employee satisfaction is a product of non-regulatory humour propensity.

Employee satisfaction reveals how much an employee enjoys his or her job (Mwesigwa, et al. 2020) and how emotionally attached is the employee to the job. According to An, et al (2020) and Belias, et al (2022), there are varied aspects of employee satisfaction: - work itself, respect for other employees, employee-employee relationships, opportunity to earn promotion and build career path, and salaries/honorarium needed to meet employees' needs. A combination of varied factors as noted by Peerman (2023) create dissatisfaction among employees and can be either factors of intrinsic/motivators or extrinsic/hygiene.

The literature showed that the discernment of equal opportunities for training, having a good communication, teamwork, feelings of personal achievements, recognition as well as work-life balance, are major predictors of employees' satisfaction. According to Puspa, et al (2019), while motivators (intrinsic) promote employee satisfaction, the absence of hygiene (extrinsic) results to employees' dissatisfaction. However, Suliman and Al-Shaikh (2020) noted that hygiene factors do not have direct effect on employee satisfaction.

2.3. Linking Transactional Leadership Styles (TLS) and Employee Satisfaction

Notwithstanding if a leader is transactional, transformational or both, the main task is to develop shared-vision and overarching goals of the organization (Wijayanty, 2018) and to motivate employees to realize the visions and goals in the most efficient way (Wei & Vasudevan, 2022). In doing so, the leader is likely to enhance employee satisfaction via several styles of leadership. With an effective transactional leadership style, employees are more satisfied because such a leader will clarify expectations and identify rewards for the individual performance considerations for each employee (Udin, 2023; Udin, 2021).

Through TLS, employees are able to know the path to realizing organizational goals and are able to obtain intrinsic satisfaction and also know how to get extrinsic rewards for themselves (Udayanga, 2020). According to Susanto (2018), because employees are rewarded consistently by leaders, they feel more valued, hence satisfaction is enhanced. Given that transactional leaders offer rewards for efforts and are able to make employees to attain their goals and those of the organization, employees are more probable to be more satisfied with their job (Saad & Abdulaziz, 2023).

In the literature, it has been widely acknowledged that TLS plays a vital role in influencing employee satisfaction (Alghamd, et al, 2020; Mahmood & Ali, 2021; Khudhai, et al, 2022) because transactional leaders encourage employees to achieve greater level of their needs. Hence, there are evidences describing the link between transactional leadership styles and employee satisfaction. In view of the above, the conceptual model (Figure 1) showed the independent variable of the study - transactional leadership style (contingent reward and active management by exception) and employee satisfaction (dependent variable).

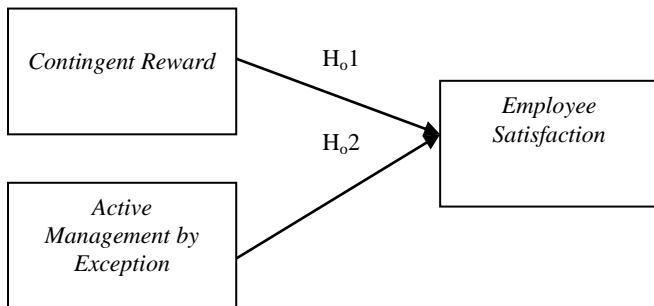


Figure 1: Conceptual Model

Source: Authors' Conceptualization (2024)

2.4. Empirical Review

Saad and Abdulaziz (2023) investigated the effect of varied leadership styles on employee performance in Saudi Arabia. Four (4) leadership styles were investigated: transactional, transformational, laissez-faire, and authoritative styles. The multiple regression model revealed that while transactional, transformational and authoritative leadership styles had positive significant effect on employee performance, laissez-faire leadership style had insignificant negative effect on employee performance.

Muliyati, Lily, Febrian, Rajab and AR (2023) examined the link between transactional leadership style and the performance of employees in Indonesia. The results revealed among others that transactional leadership has significant positive relationship with the performance of employees as well as organizational performance in general.

Klein (2023) explored how leadership styles (transformational and transactional), affect level of organizational support for entrepreneurship, intensity of competition and intrapreneurial behaviour in Israel. The multiple regression model revealed that transformational and transactional styles of leadership are linked to intrapreneurial behaviour through the mediation of organizational support. Also, the study showed that in a highly competitive environment of business, transformational style of leadership showed the strongest link with organizational support.

Peerman (2023) investigated the links between leadership styles, employee job satisfaction and tenure of nursing home administrators in the United States of America. The descriptive results showed that additional retention efforts are required to recruit or retain quality nursing home administrators; hence, there is significant link between leadership styles, employee job satisfaction and tenure.

Udin (2023) analyzed the role of leadership styles in Indonesian settings and their associated outcomes via VOS viewer. The results showed leadership styles (transformational, democratic, and

transactional) positively affect work outcomes (performance, satisfaction, commitment, engagement, business strategy, innovation, and creativity). Also, transformational leadership style was found to have the most dominating effect on work outcomes in Indonesia.

Skopak and Hadzaihmetovic (2022) examined the link between transformational and transactional leadership styles and employee job satisfaction in Bosnia and Herzegovina using quantitative method. The multiple regression result revealed that contingent reward had significant effect on employee job satisfaction when transactional leadership style is practiced. On the other hand, the study showed that idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration significantly affect employee job satisfaction when transformational leadership style is practiced.

Khan, Rehmat, Butt, Farooqi and Asim (2020) investigated transformational leadership and work outcomes of employees (performance, burnout and social loafing) in Iran. Also, the study looked at how intrinsic motivation mediates between transformational leadership and work outcomes of employees. The structural equation modelling results revealed that intrinsic motivation mediates on the link between transformational leadership and work outcomes of employees.

An, Meier, Ladenburg and Westergård-Nielsen (2020) assessed how transformational and transactional leadership styles enhance employee job satisfaction using a panel data from a year-long randomized field experiments in Denmark. The multiple regression models showed that leadership training do not have direct effect on employee job satisfaction. On the other hand, leadership-training induced changes in leadership styles (transformational and verbal rewards), hence are positively linked to changes in employee job satisfaction.

Lumbantoruan, Kurniawan and Sihombing (2020) carried out a research to examine whether transactional leadership style affects employee job satisfaction in Indonesia. Questionnaire was the main instrument of data collection and data obtained were analyzed using Pearson correlation. The Pearson correlation results revealed a significant relationship between transactional leadership style and employee job satisfaction.

Udayanga (2020) assessed if transactional leadership style affect organizational productivity in Sri Lanka. Three (3) transactional leadership variables (task, people, and shared leadership) and eight (8) employees' productivity variables (effectiveness, value additions, quality defect, supervision satisfaction, labour turnover, absenteeism & productivity index) were employed. The multivariate regression results showed that leadership style insignificantly relate to organizational productivity. Also, it was shown that variations in leadership styles do not cause changes in organizational productivity.

The impact of transactional leadership style on employee satisfaction was examined by Akhigbe, et al (2014) in selected Nigerian banks located in Rivers State. The study's sample comprised 160 employees drawn from the 20 banks that were chosen. The questionnaire and interviews were used to gather data for the study. The relationships between the variables under examination were tested using the Spearman rank-order correlation coefficient, and the moderating effects of corporate culture on the relationship between transactional leadership and employee satisfaction were assessed using multiple regression analysis.

Except for passive management by exception, the study's findings showed a positive and substantial association between employee satisfaction and all aspects of transactional leadership style (contingent reward and active management by exception).

2.5. Theoretical Framework

This study was hinged on the Douglas McGregor Theory X. McGregor was the first to identify and advocate the theory X and Y in his book titled 'Human Side of Enterprise' in 1960. McGregor's theory centres on employees' motivation and has been widely used in human resource management. The theory explains two (2) varied attitudes towards work. The theory explains that employees should be persistently watched and directed on vital tasks; that management needs to compel and direct employees because an average employee do not like work, thus they want to shun tasks at all time.

Consequently, for leaders to influence employee behaviour (satisfaction, commitment and participation) and other work-related outcomes (performance, productivity), they need to use appropriate leadership style in motivating employees to work (Widodo, *et al*, 2019). The theorist believes that the adoption of rules and regulations which is a trait of transactional leadership style would enable the leader enforce compliance at work and do not resist change. Hence, McGregor's theory X could be associated with TLS, which shows a pessimistic outlook of employee's nature in the workplace.

3. METHODOLOGY

3.1. Research Design

The survey research design was used and the choice of this design is centred on the fact that it would make the researchers to be able to obtain information on the perception of employees about a subject-matter. The study population comprised the entire workforce of fifteen (15) hospitality firms in Delta State, Nigeria. As at 31st December, 2023, there were one hundred and seventy-five (175) employees in the fifteen firms. Using the Taro-Yamane sample size determination formula, the study sample was 122. In this study, questionnaire was the main instrument of data collection. The questionnaire was adapted from Mendoza Solis *et al* (2023) and Akhigbe, *et al* (2014). It was designed on a 5-point Likert scale (5 = strongly agreed and 1= strongly disagreed) to assess transactional leadership style variables and employee satisfaction.

3.2. Validity and Reliability of Research Instrument

The questionnaire was validated to ensure that the questionnaire items are able to precisely or accurately measure the variables of transactional leadership styles (contingent reward and active management by exception) and employee satisfaction. To ascertain the reliability of the questionnaire, a pilot test was conducted containing thirty (30) employees of hospitality firms outside the study area. The data obtained in the pilot test was used to compute the Cronbach alpha test of reliability. This result is presented in Table 1.

Table 1: Cronbach Alpha Coefficients

Parameters	Coefficients	Index
Employee Satisfaction	0.83	Very Reliable
Contingent Rewards	0.82	Very Reliable
Active Management by Exception	0.85	Very Reliable

Source: Authors' Computation (2024)

Table 1 presents the Cronbach alpha coefficients of the study variables. The result showed coefficients of 0.83, 0.82 and 0.85 for employee satisfaction, contingent rewards and active management by exception respectively. These values are higher than the 0.5 benchmark value suggested by some empirical studies.

3.3. Model Specification and Method of Data Analysis

In this study, transactional leadership style is the independent variable with two measures – contingent reward and active management by exception while dependent variable is employee satisfaction. The empirical model of the study is given as follows:

$$ES = f(CR, AME) \text{ eq. 1}$$

$$ES = \beta_0 + \beta_1 CR + \beta_2 AME + \epsilon \text{ eq. 2}$$

Where: *ES* is employee satisfaction; *CR* is contingent reward; *AME* is active management by exception; β_0 , β_1 , and β_2 are regression coefficients; ϵ : is stochastic error term. In this study, the data obtained were analyzed using descriptive and inferential statistical tools (Pearson correlation and multiple regression). Notably, the hypotheses of the study were tested using inferential statistics (multiple regressions). Statistical analysis was done with the aid of SPSS 25.

4. DATA PRESENTATION AND ANALYSIS

4.1. Data Presentation

The study administered one hundred and thirty-two (132) copies of questionnaire to employees of the hospitality firms in Delta State, out of which one hundred and eighteen (118) were fully retrieved.

Table 3: Demographic Variables of Respondents

S/N	Parameters	Respondents	N=118	Percentage
1	Gender	Male	61	51.7%
		Female	57	48.3%
		Total	118	100%
2	Age	26-30years	63	53.4%
		31-35years	24	20.3%
		36-40years	14	11.9%
		41-45years	9	7.6%
		46-50years	6	5.1%
		51-55years	2	1.7%
		Total	118	100%
3	Marital Status	Married	50	42.4%
		Single	63	53.4%
		Divorced	5	4.2%
		Total	118	100%
4	Educational qualification	WASC/SSCE	46	39.0%
		/GCE	65	55.1%
		NCE/OND	7	5.9%
		B.Sc./HND	118	100%
		Total		

Source: Authors' Computation (2024)

Table 3 showed that 61 (51.7%) and 57(48.3%) of the respondents are males and females respectively; this implies that most of the respondents were males. The age distribution revealed that most of the respondents representing 63(53.4%) and 24(20.3%) were

within 26-30years and 31-35years respectively while the remaining respondents 14(11.9%), 9(7.6%), 6(5.1%) and 2(1.7%) were within 36-40years, 41-45years, 46-50years and 51-55years respectively. The marital status showed that most of the respondents were single, 63 (53.4%), while 50 (42.4%) of the respondents were married and 5 (4.2%) were divorced. It was also shown that 46 (39.0%) of the respondents had WASC/SSCE/GCE, 65 (55.1%), and 7(5.9%) indicated that they had obtained NCE/OND and B.Sc./HND qualifications respectively.

To further illuminate the data, the descriptive statistics was computed and presented in Table 4.

Table 4: Summary of Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
CR 1	118	1.00	5.00	4.2542	0.90758
CR 2	118	1.00	5.00	4.1017	0.90949
CR 3	118	1.00	5.00	4.4322	0.72181
CR 4	118	1.00	5.00	4.3898	0.76274
CR 5	118	1.00	5.00	4.5085	0.65039
AME 1	118	1.00	5.00	4.2542	0.60180
AME 2	118	1.00	5.00	4.2203	0.66840
AME 3	118	1.00	5.00	4.3644	0.63603
AME 4	118	1.00	5.00	4.3390	0.74214
ES 1	118	1.00	5.00	4.4237	0.70900
ES 2	118	1.00	5.00	4.0932	0.75092
ES 3	118	1.00	5.00	4.4831	0.70083
ES 4	118	1.00	5.00	4.2119	0.71434
ES 5	118	1.00	5.00	4.2881	0.55626
ES 6	118	1.00	5.00	4.3390	0.65659

Source: Authors' Computation (2024)

Table 4 shows the minimum value, maximum value, the mean and standard deviation for contingent reward (CR), active management by exception (AME) and employee satisfaction (ES). From the table, all the 15 items have mean values that are above the 2.50 criterion mean implying that the respondents are unanimous on the fact that transactional leadership style impacts on employee satisfaction. This result is supported by the low values of the standard deviation which means that the opinions are not too far from one another.

To extend the descriptive statistics, the correlation matrix is presented in Table 5.

4.2. Test of Hypotheses

The result of the implementation of equation 2 which is the model for the study hypotheses is presented in Tables 7, 8, and 9

Table 7: Multiple Regression Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	P-value or Sig.	95% Confidence Interval for B	
	B	Std Error	Beta			Lower Bound	Upper Bound
1 (Constant)	0.907	0.559		1.622	0.107	-0.200	2.013
Contingent Reward	0.153	0.037	0.150	4.134	0.000	0.080	0.226
Active Management By Exception	1.258	0.054	0.848	23.307	0.000	1.151	1.365

a. Dependent Variable: Employee Satisfaction

Source: Authors' Computation (2024)

Table 5: Correlations Matrix

		CR	AME	ES
CR	Pearson Correlation Sig. (2-tailed) N	1 118	0.804** 0.000 118	0.832** 0.000 118
AME	Pearson Correlation Sig. (2-tailed) N	0.804** 0.000 118	1 118	0.969** 0.000 118
ES	Pearson Correlation Sig. (2-tailed) N	0.832** 0.000 118	0.969** 0.000 118	1 118

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

Source: Authors' Computation (2024)

Table 5 revealed the correlation coefficients of the study variables. CR yielded a coefficient of 0.832 in relation to employee performance. This relationship is positive and statistically significant at the 1% level judging from the P-value of 0.000 which is less than 0.05. AME also yielded a significant positive coefficient value of 0.969 with P-value that is less than 0.05. This shows that there is a positive relationship between the transactional leadership style (contingent reward and active management by exception) and employee satisfaction.

To facilitate the test of the hypotheses using the formulated model, it important to conduct diagnostic test of the model suitability. Such a test should help detect the presence or otherwise of multicollinearity. This was done using the variance inflation factor and the result presented in Table 6.

Table 6: Variance Inflation Factor (VIF)

Variables	VIF	1/VIF
Contingent reward	2.82	0.354
Active management by exception	2.82	0.354
Mean VIF	2.82	

Source: Authors' Computation (2024)

Table 6 shows the VIF for the independent variables: contingent reward and active management by exception, and the mean VIF. These values are less than the threshold value of 10 suggested by Osazevbaru (2019). This indicates that there is no multicollinearity issue in the empirical model.

Table 8: Anova^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1019.839	2	509.919	1009.270	0.000 ^b
Residual	58.102	115	0.505		
Total	1077.941	117			

a. Dependent Variable: Employee Satisfaction

b. Predictors: (Constant), Active Management By Exception, Contingent Reward

Source: Authors' Computation (2024)

Table 9: Model Summary

Model	R	R-Square	Adjusted R-square	Std. Error of the Estimate	Change Statistics				
					R-square Changes	F Changes	df1	df2	Sig. F Changes
1	0.973 ^a	0.946	0.945	0.71080	0.946	1009.270	2	115	0.000

a. Predictors: (Constant), contingent reward , active management by exception

Source: Authors' Computation (2024)

Table 7 shows the regression coefficients, the t-value and its associated probability values, and the confidence interval values. The coefficient for contingent reward is 0.153 and it is positive. This implies that this variable has positive influence on employee satisfaction. The significance of this estimate determined by the t-value shows that it is statistically significant since the prob-value of 0.000 is less 0.05 level of significance. Therefore, contingent reward has significant positive effect on employee satisfaction. On this note, the first hypothesis is rejected. Similarly, the coefficient for active management by exception is 1.258 and it is positive connoting a positive impact on employee satisfaction. The prob-value of its t-statistic is 0.000 and is less than 0.05. Again, this variable is statistically significant in explaining employee satisfaction suggesting that we reject the second hypothesis.

Table 8 presents the result of the joint influence of the two independent variables on the dependent variable. The F-stat which is used for this purpose has a prob-value of 0.000 that is less than 0.05. Given that this value is statistically significant, it means that contingent reward and active management by exception jointly explain employee satisfaction. This result is supported by the value of R and R² in Table 9. The value of R which is 0.973 represents the degree of relationship between the independent variables and the dependent variable. Since this value is high, there is a high degree of relationship between the two dimensions of transactional leadership style and employee satisfaction. The R² value of 0.946 means that 94.6% variation in employee satisfaction is explained by the independent variables (contingent reward and active management by exception). Thus, contingent reward and active management by exception have significant positive effect on employee satisfaction. The Adj-R² of 0.945 indicates the generalization of the results. Since the Adj-R² value of 0.945 is not far off from R² value of 0.946, the model is well fitted

4.3. Discussion of Results

This study investigated the effect of transactional leadership style on employee satisfaction in hospitality firms. Based on the results, transactional leadership style (proxied by contingent reward and active management by exception) contribute to employee satisfaction. This result supports prior studies that have been

carried out on transactional leadership style such as Akhigbe, et, al, (2014), Skopak and Hadzaihmetovic (2022) and Khan, et al (2020).

Additionally, Saad and Abdulaziz (2023) had reported similar finding where in Saudi Arabia, employees showed greater satisfaction when working with manager who is a transactional leader. Our findings to an extent conform to the theoretical anchorage of the study such that for leaders to influence employee satisfaction, theory X of McGregor showed that organizations need to use appropriate leadership style (such as transactional leadership style) in motivating employees to work, hence increasing employee satisfaction.

5. CONCLUSION AND RECOMMENDATIONS

The study's objective was to ascertain whether transactional leadership style influence employee satisfaction in hospitality firms. The analysis of data collected confirmed prior findings that showed a positive relationship between transactional leadership style and employee satisfaction. Overall, the study concludes that transactional leadership style (particularly contingent reward and active management by exception) significantly and positively influence employee job satisfaction of hospitality firms. Furthermore, this research contributes to knowledge by demonstrating that McGregor's theory X is an appropriate theoretical anchorage for studying transactional leadership style in relation to employee satisfaction in Nigerian hospitality firms.

The findings of this study warrant the following recommendations: first, organizational managers must possess contingent reward leadership style that inspires employees to achieve significant outcomes and encourage exchange of benefits between management and employees. Secondly, organizational leaders must possess active management by exception leadership style (that is, acting proactively) so as to build and boost employees' self-confidence on the job and the power to increase their efficiency in decision-making when the need arises.

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