

EFFECT OF LEADERSHIP STYLES ON EMPLOYEES' PERFORMANCE IN NASARAWA STATE INTERNAL REVENUE SERVICE, LAFIA

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Abstract:

This study examined the effect of leadership styles on performance in Nasarawa state internal revenue service, Lafia. The study adopted the survey research design of which questionnaires were administered to a sample of (143) respondents who are employees of the board. The responses were analyzed using the smart PLS-SEM. It was revealed that democratic leadership, transformational leadership and transactional leadership has a positive and significant effect on employee's performance in Nasarawa state internal revenue service. It was recommended that Nasarawa state internal revenue service should foster a culture where team members feel comfortable sharing their ideas, feedback, and concerns. Also, they should balance vision with practicality and ensure that it is grounded in reality and achievable. Break down long-term goals into manageable short-term objectives to keep the team focused and motivated and finally, the state internal revenue service should integrate inspirational and motivational elements to balance the transactional approach. Encourage leaders to inspire and engage employees beyond mere rewards and punishments.

Key Words: Leadership styles, Democratic leadership, Transformational leadership and Transactional leadership.

INTRODUCTION

Leadership style in today's world is an increasing complex and a popular organizational dynamic to work upon. Different leadership styles are appropriate in distinct situations. If an inappropriate style is adopted by the leader, it may pose several challenges for the workers, managers and human resources departments in the planning and execution of work in an organization. Similarly, the satisfaction and performance levels of employees also depend upon the leadership styles adopted by corporate leaders. Leadership style is the way and manner in which a manager or supervisor chooses to act towards his employees or subordinates and the way the leadership function is being carried out by them (Xenikou, 2017). It is assumed that the kind of leadership style employed in an organization has an impact on its overall performance (John, et al., 2019).

The role of leaders in ensuring excellent organizational performance cannot be over emphasized. Adequate motivation, suitable work environment, compensation, efficient communication between managers and subordinates plays an important role in promoting this goal. The role of a leader is vital for the survival and progress of an organization (Al Khajeh, 2018). Sadia and Aman (2018) stated that the style of leadership adopted is considered to be particularly important in achieving organizational goals, and in evoking performance among subordinates. Leadership style reflects what leaders "do" and how they "behave" (Enoch, et al., 2019). There are many dimensions to leadership and many possible ways of describing leadership styles such as dictatorial, unitary, bureaucratic, charismatic, consultative and participative. However, a collection of some leadership styles in contemporary businesses which are still pervasive in contemporary times are classified into democratic leadership, transformational leadership, transactional leadership. The usage of these leadership styles by a leader depends on the situation he /she is confronted with. Transformational and transactional leadership styles are the most accepted styles by the followers. Followers do not always view leadership style the way and manner a leaders view it; they only view it from the perspective of how it favors them (Idowu, 2019). Transformational leadership exists when a leader's behavior influences their followers and inspires their employees towards performing beyond the perceived capabilities (Omkar, 2020).

Statement of The Problem

Effective leadership is crucial for the performance and success of any organization, particularly in the public sector where the efficiency and productivity of employees directly impact public service delivery. The Nasarawa State Internal Revenue Service (NSIRS) plays a vital role in the financial health of the state by ensuring the effective collection of revenues. However, there have been concerns about the performance of employees within the NSIRS, which has implications for the overall revenue collection and financial management of the state and as such, if leadership within NSIRS does not effectively motivate and support employees, the organization may struggle with low morale, high turnover rates, and suboptimal performance.

Research Hypotheses

The following formed the research hypothesis of the study.

H_{01} Democratic leadership has no significant effect on employee's performance in Nasarawa State Internal Revenue Service, Lafia.

H_{02} Transformational leadership has no significant effect on employee's performance in Nasarawa State Internal Revenue Service, Lafia.

H_{03} Transactional leadership has no significant effect on employee's performance in Nasarawa State Internal Revenue Service, Lafia.

LITERATURE REVIEW

Concept of Leadership

According to Sait (2020) Leadership is mostly defined as the process of influencing a group toward the achievement of goals and directing the organization to make it more cohesive and coherent. A leader carries out such a process by applying his/her leadership qualities, such as values, beliefs, character, knowledge, skills, ethics, experience, and culture. Leaders inspire people, move them to action and change the world. (Raziq, Borini, Malik, Ahmad, and Shabaz, 2018) The leader is the primary source of motivation and encouragement for the subordinates to bring a positive change. Leadership is a social process that is highly complex.

Democratic Leadership

Nadezhda and Palto (2021) state that democratic leadership is a management style where decisions are made through a collaborative process involving the leader and their team members. The democratic leadership's duties within the organization include distributing responsibilities and fostering group debates. Accepting personal responsibility for the organization, accountability for their choices, wanting to preserve their collective's self-determination and independence, taking on the role of leader when required or appropriate, and cooperating with leaders are all responsibilities of democratic followers (Nadezhda & Palto, 2021). Democratic Leadership style is one of the most effective leadership styles that leads to higher productivity, better contributions from group members, and increased group morale. Under democratic leadership, the superiors allow the subordinates to use their abilities to initiative and make contributions (Joyce, et al., 2020).

Transformational Leadership Styles

According to Cemi, et al. (2020), transformational leadership is one of the styles of leadership in which the leader identifies the needs for change, creates a vision to guide the change through inspiration, and positive conduct for increased commitment of the members in the organization. Transformational leadership promotes confidence in the workplace and share authority in making different decisions and also, transformational leaders act as a bridge between leaders and followers to develop clear understanding of follower's interests, values and motivations. Transformational leadership is a type of leadership that is able to integrate creative insight, perseverance, energy, intuition, and sensitivity to employees and get many goals or desires on the organization and has an extraordinary impact on employees (Retno, et al., 2020). Transformational leaders evaluate all the abilities and potential of each subordinate to carry out their work, by looking at the possibility of expanding and empowering subordinates in the future (Bastari, et al., 2020).

Transactional Leadership Styles

According to Mabotuwana (2020) transactional leadership involves an exchange relationship between leaders and followers in the direction of established goals by clarifying role and task requirement. Transactional leaders' focus is to maintain the status quo and they are oriented to enhance the present way of doing things. The transactional leader has the power by the position in the organization, to execute the tasks and gives the rewards or punishments for the team performances. This leadership style provides the prospect to the manager to manage the group performance (Jacob, et al., 2020). Mehran and Yasir (2019) defined transactional leadership as styles of leadership leaders set goals with rewards and on completion of task followers are rewarded with rewards and benefits. In transactional leadership, leader promise employees to provide some benefits, rewards on completion of task on time. Transactional leadership style implies that reward or punishment is premised on individual performance. This is because reward is contingent to performance and punishment for failure to perform effectively (Samuel, 2019).

Empirical Review

Democratic Leadership and Employee Performance

Goodness and Mobolaji (2022) analyzed democratic leadership style and employees' performance in the Nigerian educational sector: a study of Bells University Of Technology, Ota And Crawford University, Igbesa, Ogun State, Nigeria. Primary data was collected through a well-structured questionnaire circulated to three hundred and eighty (380) teaching staff of the selected universities. A proportionate stratified random sampling technique was adopted to determine the sample size of the sample. Data collected was analyzed using Simple Linear Regression. The findings indicate that democratic leadership style has an impact on employees' performance in Nigerian private universities. The study recommends that the leaders should increase the level of democratic practice to spur employee performance in a greater rate. Also, the stakeholders of the private university should encourage the practice of democratic leadership style to further enhance employee performance. The result of this study might not be applicable in other part of the country as this study was carried out in Ogun state. Also, Ahmed and Adel (2021) examined how employee empowerment is affected by the exercised leadership style. The study was carried out in Bahrain. The study employed the descriptive analytical methodology to test the developed hypotheses. The research employed a developed questionnaire that was used to collect the study data. It was distributed on 377 employees of a governmental organization with a sample size of 227 respondents; validity and reliability of the study instrument were tested through the use of Cronbach's Alpha and Pearson correlation. The researchers used SPSS for analyzing the collected data. Main findings revealed a significant impact of leadership styles, democratic, transformational, and autocratic, on employees' empowerment, with the Democratic leadership style as one that has the highest level of effect on empowerment. This study concentrated on three leadership styles, namely democratic, transformational and autocratic. Via extending the study scope to include other leadership styles and other variables could help shed the light on the impact of the leadership style on other areas within the organization.

Transformational Leadership and Employee Performance

Mathende and Karim (2022) studied transformational leadership role on work performance under the covid 19 pandemic in Zimbabwe. This is quantitative research which comprises of a sample of 369 employees who were selected using probability sampling where a self-administered survey questionnaire was administered on employees and the responses were analyzed using various statistical techniques. The study clearly confirms the importance of transformational leadership style for organization operating in unprecedented environments. This research paper shows that although transformational leadership dimensions jointly influence work performance, the degree of influence differs particularly in COVID-19 pandemic environments. This research used quantitative research design. Moreover, there mixed method that can be used to draw other insights. Similarly, Tsabitah, et al. (2021) studied transactional and transformational leadership styles as predictors of employee performance during the covid-19 crisis and the mediating role of organizational culture. This quantitative study utilized a survey approach to collect primary data from 165 respondents engaged in the private sector in Jakarta, Indonesia. The data was collected during the Covid 19 pandemic. Structural equation modeling using Smart PLS was used together with the SPSS tool to analyze the data. The data analysis showed that only transformational leadership behavior had a strong and significant impact on employees' performance. However, the impact of transactional leadership

on employee performance was not significant. The practical implications suggest that leaders should adopt transformational leadership to inspire and motivate employees. Transformational leaders must develop the inner agility to resolve problems by being open-minded, flexible and adopt best practices. The study only examined transformational leadership and transactional leadership. There are other contemporary leadership styles such as ethical leadership, servant leadership and authentic leadership styles.

Transactional Leadership and Employee Performance

Bikhtiyar, et al. (2022) examined the influence of perceived leadership styles on employee commitment: the mediating role of conflict management. The study adopted quantitative research method to examine the current study, a sample size of 110 employees was selected from the pharmaceutical companies in Kurdistan. Findings revealed that; the first research hypothesis is supported which stated that leadership styles will positively and significantly influence employee commitment at pharmaceutical companies in Kurdistan. Moreover, as for the conflict management as the mediation role between each leadership style (transactional, transformational, and charismatic) and employee commitment, the findings revealed that; conflict management has a positive and significant mediation role between all mentioned leadership styles and employee commitment. The findings showed that the highest value was the mediation role of conflict management between transactional leadership and employee commitment. This study was carried out in Kurdistan and its results might not be applicable in a country like Nigeria. Also, Morteza, et al. (2021) investigated brand-specific transactional leadership: the effects of brand-building behaviors on employee-based brand equity in the insurance industry. The statistical population of the current study is employees of five major insurance companies in Semnan city of Iran. Using the classified random sampling method, 136 employees of these insurance firms were chosen. Likert-based questionnaires were used to collect data. Structural equation modeling (SEM) was used to analyze research data. Findings show that brand-specific transactional leadership affects participation and retention positively and significantly. The study recommends that in order to realize the transactional leadership style in their company, leaders should define the leader–employee relationship in such a way that employees are rewarded according to the degree of compliance with the leader’s wants and in return for acting in accordance with the expectations expressed by the leader. This research is a cross-sectional study, and its data have been collected in a certain period of time, while longitudinal research can provide a richer result.

Fiedler’s Theory

Among the first researchers to develop such a theory called a “contingency theory” was Fred Fiedler. Fiedler’s (1964) contingency theory directed the study variables by the assertion that; the leader’s ability to lead is contingent upon various situational factors, including the leaders preferred style, the capabilities and behaviors of workers that depend heavily on the situational factors. This theory propounds the intimate approach to management by focusing on situation first rather than organizational means, to apply a specific leadership style that will stimulate individual performance. According to Certo (2000), Fiedler came out that each leader has a preferred leadership style, which maybe people oriented or task oriented. It continues that whether people-oriented or task-oriented leaders perform better depends on three characteristics of the situation: leader-member relations, task structure, and the position power of the leader. The extent to which the leader has the support and loyalty of group members is what is called Leader-member relations. Task structure refers to any specified procedures that employees should follow in carrying out the task. Position power also refers to the formal authority granted to the leader by the organization. The first assumption here is that; an individual who attempts to influence others must use both directive (task) and supportive (relationship) behaviors. However, this assumption did not cater for the inherent change in human behaviors that necessitated different approaches in management and thus this left a gap in the researcher’s field to try and bridge the gap by testing for the impact of this assumption to employee behavioral scenarios in performance. The second assumption here is that any leadership style depends on a specific situation; by this Fiedler implied that; the behavioral patterns of the leader will help him / her acquire competences needed for effectiveness in using the styles in their relevant situations and thus effectiveness in performance. However, the second assumption in this theory left a lot to be desired, since situations were determined by both external and internal factors that affected the way employees responded to the situations presented to them. It was believed by most respondents that approaches hugely influenced leadership styles that matched different situations but the challenge was for the team leaders to know which leadership styles to use.

METHODOLOGY

The study adopted a survey research design. The population of the study consist of (143) respondents who are employees of the board. As a result, the sample size is (143) respondents who are employees of the board. According to Parker (2011) census sampling is appropriate when the population not extremely large so as to make sure everyone has the to take part in the study and produce a more representative outcome. The study used primary data. Data were collected using 5-point Likert scale structured questionnaire through google form. The data collected was analyzed using smart-PLS SEM.

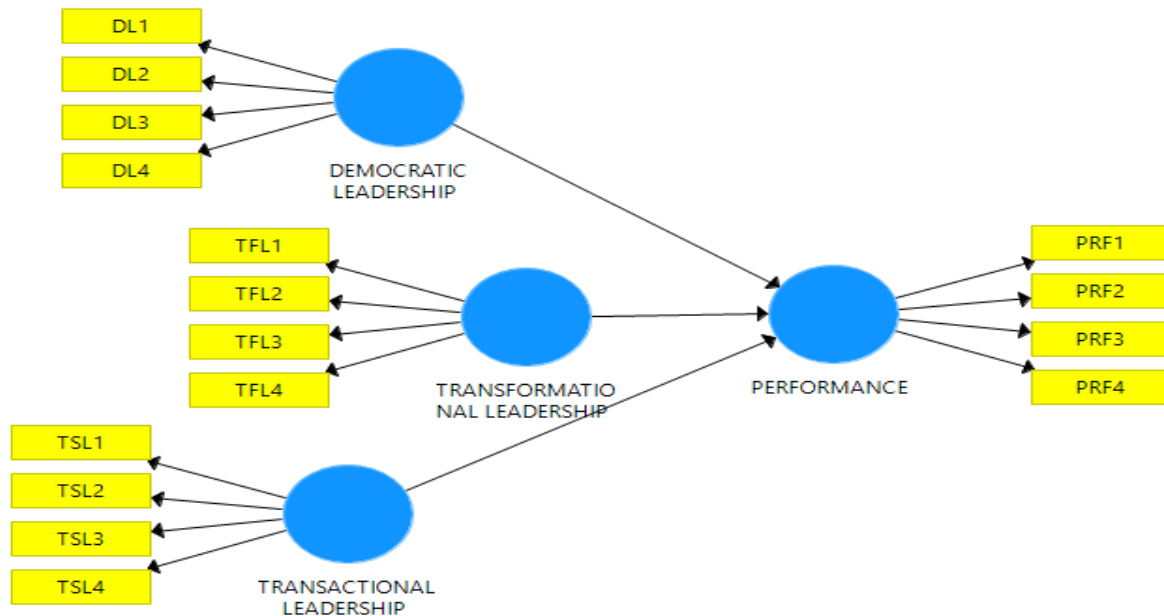


Figure 1: Study Model

RESULTS AND DISCUSSIONS

Table 1.1: Reliability of study scale

S/N	Variables		Factor Loadings	Cronbach Alpha	Composite Reliability	Rho A	Average Variance Extracted (AVE)	No of Items
1	Democratic Leadership (DL)	DL1 DL2 DL3	0.897 0.754 0.760	0.831	0.880	0.851	0.596	4
2	Transformational Leadership (TFL)	TFL1 TFL3	0.779 0.782	0.833	0.879	0.889	0.632	4
3	Transactional Leadership (TSL)	TSL3 TSL4	0.814 0.893	0.824	0.881	0.853	0.606	4
4	Performance (PRF)	PRF1 PRF2 PRF3 PRF4	0.759 0.752 0.798 0.849	0.824	0.881	0.853	0.606	4

Source: SmartPLS Output, 2024

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the items. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value was above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than

0.50 which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are higher than 0.90 for structural models (Henseler, et al., 2015).

Table 2 Heterotrait-Monotrait Ratio (HTMT)

	DEMOCRATIC LEADERSHIP	TRANSFORMATIONAL LEADERSHIP	TRANSACTIONAL LEADERSHIP	PERFORMANCE
DEMOCRATIC LEADERSHIP				
TRANSACTIONAL LEADERSHIP	0.815			
TRANSFORMATIONAL LEADERSHIP	0.801	0.825		
PERFORMANCE	0.528	0.817	0.773	

Source: Smart PLS Output, 2024

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.01. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

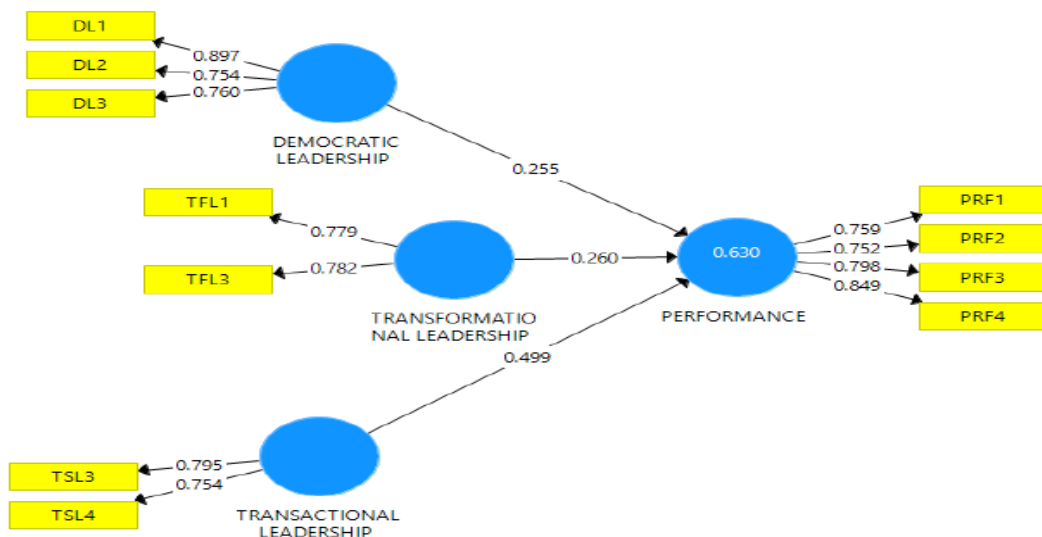


Fig. 3: Path Coefficients of the Regression Model

The R-square value stood at 63% indicating that leadership styles represented by democratic leadership, transformational leadership and transactional leadership are responsible for 63% variation in the performance. The remaining 37% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered suitable and lends credence to the findings of the study. The result of the path analysis is presented in the table below.

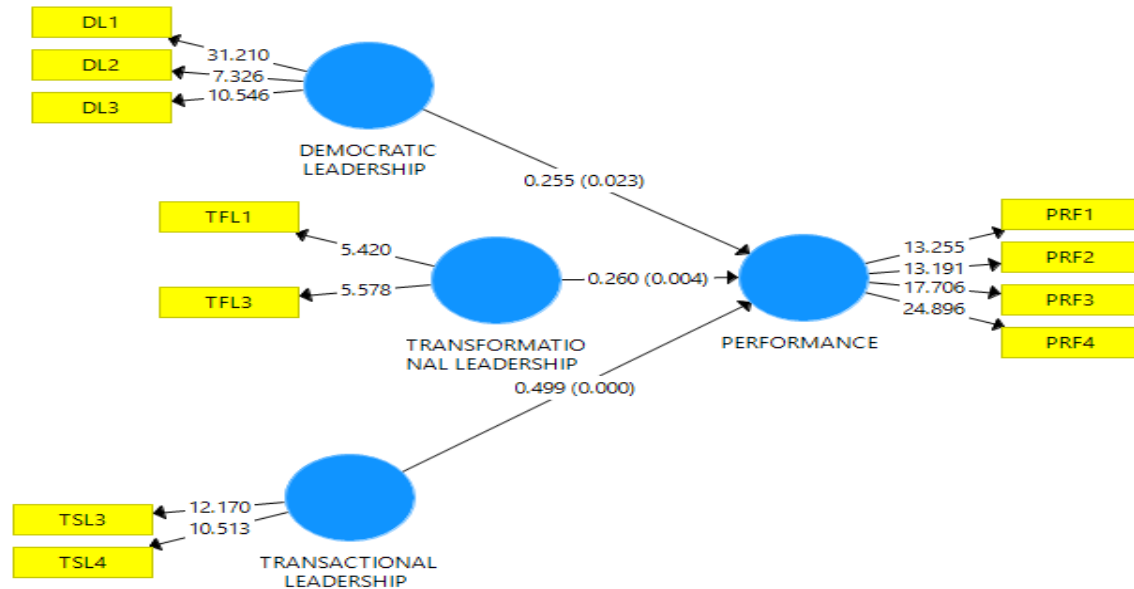


Table 3.1: Path Coefficients

Hypothesis	Variable	Path Coefficient *** (Beta)	t-value	p-value	Findings
Ho ₁	Democratic leadership	0.499	4.830	0.023	Rejected
Ho ₂	Transformational leadership	0.255	2.277	0.042	Rejected
Ho ₃	Transactional leadership	0.260	2.932	0.004	Rejected

Source: Smart PLS Output, 2024

Results from table 3.1 above shows that democratic leadership has positive but significant effect on performance. The decision was reached based on the t-value of 4.830, a beta value of 0.499 with a p-value of 0.023. The implication is that the null hypothesis has sufficient grounds to be rejected and as such the alternate hypothesis which states that democratic leadership has no significant effect on performance is accepted.

The second hypothesis shows a negative and significant effect of transformational leadership on performance. The decision was reached based on the t-value of 2.277, a beta value of -0.255 with a p-value of 0.000. The implication is that the null hypothesis has sufficient grounds to be rejected and as such the alternate hypothesis which states that transformational leadership has no significant effect on performance is accepted.

Finally, result from the analysis equally indicates that transactional leadership has negative and significant effect on performance. The decision was reached based on the t-value of -0.260, a beta value of 2.932 and a p-value of 0.004. This implies that the null hypothesis lacks sufficient grounds to be accepted and as such the alternate hypothesis which states that transactional leadership has significant effect on performance is accepted.

CONCLUSION AND RECOMMENDATIONS

Based on the findings above, the study concludes that democratic leadership, transformational leadership and transactional leadership are key motivators in Nasarawa state internal revenue service, Lafia. Therefore, the study recommends that heritage bank should foster a culture where team members feel comfortable sharing their ideas, feedback, and concerns. Also, they should balance vision with practicality and ensure that it is grounded in reality and achievable. Break down long-term goals into manageable short-term objectives to keep the team focused and motivated and finally, the bank should integrate inspirational and motivational elements to balance the transactional approach. Encourage leaders to inspire and engage employees beyond mere rewards and punishments.

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APPENDIX 1: Questionnaire

S/N	Democratic Leadership	SA	A	SD	D	U
1	The leader is actively involving team members in the decision-making process					
2	Culture of continuous learning and professional development are encouraged in the organization					
3	The leader encourages open communication and the free exchange of ideas.					
	Transformational Leadership					
4	The leader articulates a clear and compelling vision for the organization					
5	My leader effectively communicates optimism and enthusiasm about future goals and outcomes					
6	My leader provides individualized support and coaching to help me develop my skills and abilities.					
	Transactional Leadership					
7	The leader takes corrective action when team members fail to meet expectations.					
8	The leader focuses on maintaining stability and ensuring efficient task completion					
9	The leader deals with problems or failures by identifying who is responsible.					
	Performance					
10	The leader proactively identifies opportunities for improvement and take initiative to address them					
11	The consistently demonstrate the skills, knowledge, and behaviors required for high performance in this role.					
12	The leader effectively manages their time and prioritize tasks to maximize productivity					

PARTICIPATIVE LEADERSHIP STYLES AND EMPLOYEE JOB SATISFACTION OF SELECTED COMPANIES IN FCT ABUJA

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Abstract

The study investigated the effect of participative leadership style on employee job satisfaction using selected companies in Abuja the federal capital territory, Nigeria. This study adopted a quantitative research approach using a cross-sectional survey design. The population for this study was 535 registered employees in selected companies within the six-area council of FCT-Abuja. The sample size of 300 was determined for the study using Taro Yamane formulae and a multi-stage sampling technique was used to select the respondents for the study. The study utilized a questionnaire as the instrument for data collection. PLS-SEM was used to analyze the data gathered for this study. The study found that both transformational and democratic leadership's style have significant positive relationships between employee job satisfaction, providing valuable insights into the impact of these leadership approaches on organizational outcomes. The study thus, recommended that Organizational leaders and human resource professionals should consider implementing strategies and practices that align with the principles of transformational and democratic leadership skills that can enhance the effectiveness of organizational leaders and their ability to positively influence employee attitudes and behaviors.

Keywords: Participative Leadership Style, Employees Job Satisfaction.

INTRODUCTION

Leadership styles play a critical role in shaping the work environment, employee motivation, and overall job satisfaction within an organization. Among the various leadership approaches, participative leadership styles, such as transformational and democratic leadership, have garnered significant attention for their potential to enhance employee engagement, commitment, and job satisfaction. Participative leadership styles emphasize employee involvement in decision-making processes (Bass, 1990; Yukl, 2013).

Transformational leadership is characterized by inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence (Bass, 1985). Transformational leaders motivate employees to exceed expected performance by appealing to their higher-order needs and values (Bass, 1985). They inspire followers to transcend their self-interests for the greater good of the organization (Bass & Avolio, 1994). Democratic leaders, on the other hand, encourage subordinates to participate in decision-making, share information, and express their opinions freely (Gastil, 1994). Democratic leaders foster a sense of ownership and commitment among employees by involving them in the decision-making process (Lewin et al., 1939). This participation enhances employee autonomy and empowerment, which are crucial for job satisfaction (Spector, 1986).

Transformational leadership focuses on inspiring and motivating employees to achieve organizational goals by fostering a shared vision, promoting intellectual stimulation, and considering individual needs and concerns (Bass & Riggio, 2006). Democratic leadership, on the other hand, encourages employee participation in decision-making processes, valuing their input and fostering a collaborative work environment (Gastil, 1994).

Both transformational and democratic leadership styles are rooted in the principles of empowerment, trust, and open communication, which can positively impact employee job satisfaction. When employees feel valued, supported, and involved in decision-making processes, they are more likely to experience a sense of ownership, motivation, and satisfaction with their work (Yukl, 2013).

Employee job satisfaction is a crucial determinant of organizational success, as it directly influences employee productivity, retention, and overall organizational performance (Judge et al., 2001). Employees who are satisfied with their jobs tend to exhibit higher levels of engagement, commitment, and motivation, leading to improved organizational outcomes (Ziegler et al., 2012). Conversely, low job satisfaction can