A Comparative Analysis of the Effect of Transformational and Transactional Leadership on Employee Performance in Manufacturing Companies

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Abstract

This study was designed to compare the effect of transformational and transactional leadership styles on employee productivity, performance, satisfaction and organizational goals. The study was carried out in a medium and small manufacturing company, Beta-Glass Ughelli, Delta State. The study adopted the survey research design and the convenience sampling method was used. A sample size of two hundred and eleven (211) respondents was used according to Taro Yamani (1984). The questionnaire was used to elicit information from respondents using the modified Likert scale five point rating scale. The data obtained from the field was analyzed using the descriptive statistics and the Statistical Package for Social Science (SPSS) version 21. The multiple regression analysis was used to test the hypotheses. Findings from the study indicates that significant relationship exist between transformational leadership (B= .561, P = 0.01), transactional leadership (B= .116, P=0.02) and employee's performance in manufacturing industries, but the transformational leadership prove to be more effective and efficient and predictive of employee's performance. The study concluded that the style of leadership prevalent in the organization determines how productive employees will become. The study recommends that leaders should be inspirational in leading and encouraging employee to make the most of their skills and capacity to their job by involving them in planning and decision making processes.

Keywords: Transactional leadership, transformational leadership, employee performance, organizational goals.

Introduction

The management function which is mostly directed towards people is leadership; it's a process of influencing people to achieve the stated objective and goals of the organization. The two leadership styles (transformational and transactional leadership styles) and their respective and combined effects on employee's performance and business organizations have been a major issue of consideration in leadership research over the years (Awamleh& Gardner, 1999; Bass, 1985; Conger &Kanungo, 1987; House, 1977) in Cedwyn and Raed (2004). Similarly employees with high job satisfaction are likely to exert more effort and pursue organizational goals. Leadership plays a very important role in determining employee job satisfaction. It extensively influences employees' motivation and dedication. The interest in this topic is due to the fact that the role of employees is vital to contemporary organizational success. The stronger an Employee's commitment and `performance to the organization, the less likely the person is to quit (Guest, 1997).

There is therefore the need to study the influence of leadership style on employee performance to the organization. It is assumed that leadership style influences employees' sense of engagement, identification and belonging to the organization. Due to the decline of research on Employee's performance in Nigeria and the lack of adequate research attention given to the effect of leadership style on Employee's performance globally as evidenced in previous research, there exists a huge research gap that this study intends to fill (Salami, 2011).

The study is significant for a rapidly developing country such as Nigeria as there is great need to understand how leadership style influences employee attitude of commitment to the organization. This could lead to improvements in workplaces to help employees become more committed to their jobs. Theoretically, it is imperative to enhance our understanding of how corporate culture affects Employee's performance in our institutions of learning. Finally, the study will help organizational leaders in decision making especially in the areas of recruitment, selection, promotion, training,

motivation, and instituting change in the organization.

When employees are satisfied with their job, they are committed and usually not tempted to look for other opportunities (Lok, Wang, Westwood & Crawford, 2007). Employee's performance is achieved when the employee strongly beliefs in and accepts the organizational goals and values, when they are willing to do their utmost on behalf of the organization and when they are willing to stay with the organization.

This paper will be done in Small and Medium-size Enterprises (Organizations). They usually have a flatter organization structure. Organizations are often used as an option for unskilled and semi-skilled employees to earn the knowledge and experience before moving to another bigger and or better organization. Therefore Organizations repeatedly experience the loss of skilled employees who could play a part in the improvement of the organizations production. This loss of skilled employees could be the result of them being dissatisfied which could influence their commitment to the organization. It would be interesting to see how leadership influence Employee's performance and what kind of mediating affect job satisfaction has on this relationship within Organizations from this paper.

There are many factors that affect the level of employee's performance in organizations. Effective leadership style will help to enhance employee productivity and involvement in decision making process to bring about sense of belonging. Many of the studies that were earlier mentioned constructs were done in large companies and in different concept relationships, leadership is geared towards organizational goals and objectives. So this paper is out to look at best form of leadership that could maximize employee productivity, performance, satisfaction and organization goals in a medium and small firm, Beta Glass Manufacturing Company, Ughelli, Delta State.

Literature Review
Concept of Leadership Style

For as long as there was interaction between people, leadership existed. The topic of leadership has been the focus of studies for the

past century and gradually became a topic of great interest. This interest sprung forth out of the fact that leaders provide guidelines and they have to motivate their followers to be committed in other to accomplish tasks there by (Gill, 1998).

Earlier on, leadership definitions had the tendency to view the leader as the center or the focus of a group activity. The leader restructures the problems, offers solutions to the problems, establishes priorities and initiates developmental operations (Bass, 1990). Leadership was associated with strength of personality (Bass 1990). A leader was seen as a person with many popular traits of personality and character. The current descriptions of leadership no longer regard only individual characteristics or differences (Avolio 2007; Yukl 2006).

The Three Basic Leadership Style
Managerial styles can further be stated concisely in the following three leadership styles modern concepts according to Lewin et al. (1939) **in** (Dubrin 2004).

Autocratic Leadership: This leadership style is often identified with dictatorial or unreasonable methods, such leaders use fear, threats, authority setting, this style of leadership is consistent with production – centred supervisors. The leaders mainly seek obedience from subordinates. They usually play the dominant role in making decisions and determining the activities of all group members. There are some dangers to this method. If the leader is quarrelsome and aggressive, his subordinates may react negative to his dominant leadership and may react by restricting output. Also, a pattern of relationship which forces group members to be dependent upon the leader for direction may reduce their effectiveness when he is absent.

Democratic Leadership: It is often referred to as participative, that is, it seeks to persuade and considers the feelings of persons and encourage their participation in decision making. This method gives followers greater job satisfaction and enables them cooperate better. Recently, there is the recognition of the fact that if democracy is to progress and if organizations within free societies are to press forward towards the fulfillment of the purpose in the increasingly complex social conditions of the next decade,

then good leadership of a quality is already urgently required.

Laizzes – Faire Leadership: This type of leader often keeps himself busy with some paper-work and so stays away from their subordinates. Such a leader sets no goals, makes no decision and believes he is the "goodfellow". The group has instability and a sloppy low output, frustration, failure and insecurity are typical in this directness group which can rarely produce good performance.

Types or Forms of Leadership
Relationships between supervisors and their employees are different now. Leaders now do not depend as much on their legitimate power to convince people to do as they are told but they participate in an interaction with their employees or they widen and raise the interest of their employees (Northouse, 2007).

Based on the new approach to leadership, there are two contemporary leadership styles which will be researched namely transactional and transformational (Bass, 1990):

Transactional leadership: Transactional Leadership, also known as managerial leadership, focuses on the role of supervision, organization, and group performance; transactional leadership is a style of leadership in which the leader promotes compliance of his followers through both rewards and punishments (Odumeru & Ogbonna, 2013). **A leader motivates and directs** followers by appealing to their own self-interest. The focus is on basic management processes like controlling, organizing and short-term planning. This style is more responsive and deals with present issues and the ability of the leaders to motivate followers by setting goals and promising rewards for the desired performance.

An exchange takes place between leaders and followers to achieve the desired performance. These exchanges involve three components of Transactional Leadership (Bass, 1990): identifies them as follows;

> *I.* *Contingent Reward (CR)*: Leaders explain their expectations, provide the needed resources, and negotiate agreements between leaders and

followers about objectives and task requirements and suitable rewards. According to Lai (2011), contingent reward, describes the extent to which effective transaction and exchange is set-up between leader and followers.

II. ***Management by Exception Active or Passive (MBEA):*** when leaders specify rules and standards. Furthermore they observe the work of the employees, watch for deviations and take corrective actions when mistakes or errors occur; (Active) when Leaders do not intervene until problems occur; they wait for things to go wrong before they take action; (Passive). Monitoring and correcting of, and intervening in follower performance, called management-by-exception (Engen &Willemsen 2001; Bass et. al., 1996). In Lai (2011), shared the view management-by-exception, describes whether leaders act to either prevent (active management) or resolve (passive management) problems as they arise.

III. ***Laissez-Faire (LF):*** The leader renounces responsibility and avoids making decisions which leaves the employees without direction.

Transactional leaders use reward and punishments to gain compliance from their followers. They are extrinsic motivators that bring minimal compliance from followers. They accept goals, structure, and the culture of the existing organization. Transactional leaders tend to be directive and action-oriented (Odumeru and Ogbonna, 2013).

Transformational leaders seek to stimulate change in individuals, unlike transactional leaders who view leadership as a 'transaction' between leader and follower (Jones 2006). Transactional leaders exchange rewards based on performance and use positional resources to encourage desired behaviors (Bartol, 2010; Shivers-Blackwell 2004). Transformational leaders, on the other hand, assess the environment continually, focus on outcomes, gain and build support of people and execute plans in a disciplined way to achieve organizational objectives (Newcomb, 2005).

Transformational leadership: Leaders anticipates future trends, inspires to understand and embrace new possibilities and builds the organization into a community of challenged and rewarded learners. This style also develops others to be leaders or to be better leaders. Its focus is on being proactive, expecting nothing in return, inspiration and motivation of followers to work for goals that go beyond their self- interest. Learning opportunities are created and followers are stimulated to solve problems. The leaders develop strong emotional bonds with their followers and they possess good visioning and management skills. A transformational leader is a person who stimulates and inspires (transform) followers to achieve extraordinary outcomes (Robbins and Coulter, 2007). Transformational leadership theory is all about leadership that creates positive change in the followers whereby they take care of each other's interests and act in the interests of the group as a whole (Warrilow, 2012).

This leadership style has four components which according to (Bodla& Nawaz, 2010; Robbins, 2005, Lai, 2011) discuss below:

I. ***Idealized Influence (II):*** Leaders act in such a way that they can be perceived as role models by the people they lead. They are admired, respected and trusted. These leaders are willing to take risks and they are described by followers as having exceptional capabilities, being persistent and determined. They have high ethical and moral standards and can be trusted to do the right thing. Idealized influence.

II. ***Inspirational Motivation (IM):*** Inspirational motivation; this characteristic reflects the extent to which a leader is also capable of being a cheerleader, so to speak, on behalf of his or her followers. These leaders demonstrate enthusiasm and optimism, and emphasize commitment to a shared goal. These leaders arouse the team spirit and show enthusiasm and optimism. They involve followers in defining the desired future state of affairs which creates commitment to the goals and the shared vision.

III. ***Intellectual Stimulation (IS):***

Transformational leadership instills creativity and innovation, as well – followers are encouraged to approach problems in new ways. Intellectual stimulation shows the degree to which leaders encourage others to be creative in looking at old problems in new ways, create an environment that is tolerant of seemingly extreme positions, and nurture people to question their own values and beliefs and those of the organization. Mistakes are not publicly criticized.

IV.   Individualized Consideration (IC): Transformational leaders are invested in the development of their followers. The leader act as mentor and coaches, and take into account individual needs and desires within a group. Two-way communication is regularly recognized and differences are accepted. They delegate different tasks to develop followers skill.

Empirical evidence also shows that transformational leadership is strongly correlated with employee work outcomes such as: lower turnover rates, higher level of productivity, employee satisfaction, creativity, goal attainment and follower well-being (Eisenbein and Boerner, 2013; Garcı́a-Morales et al, 2008; Piccolo and Colquitt, 2006; Keller, 1992). In Nongo (2014). Belasen& Frank (2012), opined that authors often refer to transformational leadership as a feminine leadership style (e.g. Carless, 1998; Helgesen, 1990; Loden, 1985; Yammarino, Dubinsky, Comer & Jolson, 1997). In Lai, 2011. Transformational leaders assess the environment continually, focus on outcomes, gain and build support of people and execute plans in a disciplined way to achieve organizational objectives (Bartol, 2010; Newcomb, 2005). In Belasen& frank (2012)

Transformational Vs. Transactional Leadership

For the past decades, as we have discussed above, many researchers have attempted to explore leadership theories, among a vast amount of which, transformational leadership and transactional leadership stand out amongst many other theories. There is lots of evidence that transformational leadership is associated with

superior performance. Burns (1978) first coined the term "transforming leadership" to describe a relationship in which "leaders and followers raise one another to higher levels of motivation and morality."

Building on this initial conceptualization, Bass (1990) extended the concept of transformational leadership to describe those who motivate followers to do more than they originally intended to do by presenting followers with a compelling vision and encouraging them to transcend their own interests for those of the group or unit. In fact, a defining characteristic of transformational leadership is the enormous personal impact it has on followers' values, aspirations, ways of thinking about work and interpreting events.

Within the transformational leadership construct, Bass (1990) identifies four factors, or types of leadership behaviors that are classified as transformational:
(1) Idealized Influence (II);
(2) Inspirational Motivation (IM);
(3) Intellectual Stimulation (IS);
(4) Individualized Consideration (IC).

Moreover, Bass (1990) also presents three components that are characteristic of transactional:
(1) Contingent Reward (CR);
(2) Management-By-Exception (MBE);
(3) Laissez-Faire Leadership (LF).

Based on the result of Bass's Multifactor Leadership Questionnaire (MLQ), managers who behave like transformational leaders are more likely to be seen by their colleagues and employees as satisfying and effective leaders than of those who behave like transactional leaders(Bass et al, 1996).

Personality or Trait Theory: This paper is anchored on the leadership trait theory because it combines both the leadership traits qualities and the managerial principles of management, expected of mangers to anchored despite objectives and goals. The personality or trait theory of leadership forms one of the older approaches to who a leader is and what makes an individual a leader. Principally, this theory is of the assumption that leaders are naturally born and not made. It assumes that

leadership consists of certain inherent characteristics, or personality traits, which distinguish leaders from their followers (great person's theory of leadership).

According to Zaccaro, (2004) in his support for the trait theory, "leadership is of utmost importance and there is no substitute for it". He states however that leadership cannot be created or promoted neither can it be taught or learned. This assumption however, has been subjected to various studies but findings have so far not identified common personality traits or qualities making for effective or ineffective, successful or unsuccessful leaders.

Although, the trait theory has been criticized on the basis that leaders are not born but are made or developed and that the ability of these personality qualities in making for effective leadership is subjective. It could be realized that the assumptions of this theory are not completely out of place. Miner (2005) however, conclude by saying that the important point as whether leaders are born or made and whether it is an art or a science, is that they are not mutually exclusive alternatives. Indeed the different studies, leadership training programs, seminars and symposia arranged in various organizations today for the purpose of developing effective successful leaders with results, could be strong argument that leadership can be taught and promoted in contrasts. In other words, those distinguishing personal elements in a leader must be developed and propelled to greater effectiveness.

Empirical Review

Prior research suggested that leadership is a key determinant of Employee's performance (Mowday et al, 1999). In particular transformational leadership is positively linked with Employee's performance (Bono & Judge, 2003; Dumdum et al., 2002; Koh, Steers, &Terborg, 1995; Walumbwa& Lawler, 2003). In (Oduneru and Ogbonna, 2013)Leaders with this leadership style includes employees in the decision making process, they encourage them to be critical and use different approaches to solving problems and they recognize and appreciate the need of each employee to develop their own potential (Avolio, 2007; Bass et al, 1996;

Yammarino, Spangler & Bass, 1993).Transformational leaders provide mission and vision; enhance the sense of belonging and devotion so that employees want to be a member of the organization. This makes them eager to put in effort for achieving the goals of the organization. The involvement of employees in their work results in high Employee's performance. Transactional leaders however use rewards to influence employee behavior to their benefit at low costs or they have a total disregard for what happens in the organization and do not feel responsible for anything, which often result in dissatisfaction of the employees.

Omar (2011) proved that the relationship of transformational leadership components (individualized consideration, inspirational motivation, idealized influence and intellectual stimulation) showed a positive impact on career satisfaction. The study examined the possible relationship between the perception of supervisor as a transformative leader and job satisfaction and proved that when employees positively perceive their leaders as transformative leaders that's when their satisfaction increases thereby increasing their performance.

Furthermore, Mohammad et al. (2011), in their study showed a statistically significant positive relationship existing between the five dimensions of transformational leadership and the two dimensions of job satisfaction. Intellectual stimulation dimension was the strongest relationship between internal job satisfaction and transformational leadership.

Another researcher, Shibru and Darshan (2011) also found a positive relationship between transformational leadership and subordinate job satisfaction in their studies. From the analysis carried out, the Pearson correlation analysis found that all components of transformational leadership are highly correlated with each other and strongly correlate with subordinate job satisfaction. Only two factors idealized influence and individualized consideration showed very high correlation with each other and high determinant in predicting subordinate job satisfaction.

Moreover, Voon, et al (2011) showed in their study a strong relationship between transformational leadership and job satisfaction increasing employee's performance

Methods
The survey research design was adopted. The collected data was analyzed using descriptive statistics, and regression analysis was used to test the hypotheses. The population consists of 450 staff of Beta Glass Ughelli. The Taro Yamani formular (1994) was used to derived the sample size. Two hundred and eleven (211) employees from 5 different departments participated in the study using convenience sampling method. The number of completed questionnaires was 211. But nine (9) of the questionnaire was wrongly filled, hence the study utilized 202.

The Multifactor Leadership Questionnaire (MLQ form 5X) developed by Bass (1990) has been validated and used to measure leadership styles. Transformational leadership style was measured using the following factors: (a) Idealized Influence, (b) Inspirational Motivation, (c), intellectual stimulation (d) Individualized consideration and (e) Risks acceptance, While Transactional leadership style was measured using the following factors (a) contingent reward and (b) management- by- exception. And finally other factors were used to measure employee performance. The Likert scale modified five point rating scale was used, as shown as fellows

Strongly Disagree (SD) I Point, Disagree (D) 2 Points, Undecided(U) 3 Points, Agreed (A) 4 Points, Strongly Agreed (SA) 5 Points,

Research Hypotheses
  i. *There is no significant relationship between transformational leadership and employee performance.*
  ii. *There is no significant relationship between transactional leadership and employees performance*

Results
Two hundred and eleven (211) sets of questionnaire was administered, however two hundred and two sets of questionnaire (202) was returned and used for the study.

From the result of demographic profile of respondents, the sex respondents are made up of 138 male representing 68.3% of total response while 64 respondents are female representing 31.7% of total response. The age distribution of respondents shows that 62 respondents representing 30.7% are between the ages below 30 years, 82 respondents representing 40.6% are within the ages of 30-40 years, 58 respondents representing 28.7% are of the age of 40 years and above. The marital distribution shows that 123 respondents are married representing 60.9% while 79 respondents are single representing 39.1%. The educational qualification distribution shows that 32 respondents representing 15.8% are holder of olevel certificate. 33 respondents representing 16.3% are holder of OND/NCE Certificate, (which are the lower technical cadre). 82 respondents representing 40.6% are holder of HND/B.Sc.(which are the higher cadre). 15 respondents representing 7.4% are holder of MBA. 40 respondents representing 19.8% are management staff and other professional with varied professional skills.

There is no significant relationship between Transformational Leadership Style and Employee's performance.

Table 2: Transformational leadership:

S/N	Questionnaire Items	SD		D		U		A		SA	
	Idealized influence	No	%	No	%	No	%	No	%	No.	%
1	My leader makes others feel good to work with him	3	1.5	10	5	12	5.9	90	44.6	87	43.1
2	Others are proud to be associated with my leader	6	3	10	5	-	-	96	47.5	90	44.6
3	My leader talks about his most important value and beliefs to subordinates	2	1	8	4	-	-	97	48	95	47
	Inspirational motivation										
4	My leader encourages employee to make the mo st of their skills and capacity to their job	2	1	7	3.5	1	.5	102	50.5	90	44.6
5	My leader helps others find meaning in their work	4	2	7	3.5	6	3	95	47	90	44.6
6	My leader articulates a compelling vision for the future	5	2.5	12	5.9	6	3	83	41.1	96	47.5
	Intellectual Stimulation										
7	My lead er encourages others to think about old problem in new ways	2	1	6	3	1	.5	103	51	90	44.6
8	My leader provides others with new ways of looking at problems	-	-	8	4	8	4	94	46.5	92	45.5
9	My leader gets others to rethink idea that they have never questioned before	13	6.4	4	2	5	2.5	98	48.5	82	40.6
	Individualized Consideration										
10	My leader lets other know how he thinks they are doing	2	1	13	6.4	8	4	100	49.5	79	39.1
11	My leader gives personal attention to those who seem rejected	5	2.5	14	6.9	6	3	93	46	84	41.6
12	My leader gives careful attention to the working conditions of my subordinates	10	5	12	5.9	-	-	98	48.5	81	40.1
	Risk Acceptance										
13	My leader thinks intuition is the best guide in making decisions	11	5.4	16	7.9	10	5	82	40.6	83	41.1
14	My leader makes quick decision when necessary	2	1	17	8.4	6	3	99	49	78	38.6
15	My leader thinks making risky decisions alone bothers me	8	4	18	8.9	11	5.4	90	44.6	75	37.1

Source: Analysis of Field Survey, 2017.

As shown above a high number of respondent are in agreement with the measures of transformational leadership style dimensions.

There is no significant relationship between Transactional leadership style and Employee's performance

Table 3. Transactional leadership style;

S/N	Questionnaire Items	SD		D		U		A		SA	
	Contingent Reward	No	%	No	%	No	%	No	%	No.	%
1	My leader tells others what to do if they want to be rewarded for their work	23	11.5	30	15	12	5.9	70	34.6	67	33.1
2	My leader provides recognition/reward when others reach their goal	6	3	10	5	-	-	96	47.5	90	44.6
3	My leader clearly clarifies the responsibility for achieving targets	2	1	38	19	30	15	67	33	65	32
	Management-By- Exception										
1	My leader gets satisfied when others meet agreed upon standard	8	4	10	5	10	5	78	38.6	96	47.5
2	As long as things are working, my leader does not try to change anything	2	1	6	3	5	2.5	92	45.5	97	48
3	My leader tells others the standards they have to know to carry out specific task	25	12.5	26	13	7	3.5	77	38	67	33.1

Sources: Analysis of field survey, 2017.

As shown above a high number of respondent are in agreement with the measures of transactional leadership style dimensions.

Table 4. Employee Performance

S/N	Questionnaire Items	SD		D		U		A		SA	
	I always meet the target set for me on daily basis	2	1	6	3	5	2.5	92	45.5	97	48
	Generally, my boss have assisted me toward improving my job performance.	5	2.5	6	3	7	3.5	97	48	87	43.1
	I recorded better performance at the end of the appraisal year 2016 compared to 2015.	7	3,5	4	2	4	2	102	50.5	85	42.1

Source: Analysis of field survey 2017.

As shown above a high number of respondent are in agreement with the measures of performance dimensions

Table 5: Multiple Regression Analysis for   Transformational Leadership, Transactional leadership and Employee Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.461	.992		-1.472	.142
	Transformational Leadership	.617	.056	.561	10.974	.001
	Transactional leadership	.365	.055	.116	6.605	.002

a. Dependent Variable: Employee's performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798[a]	.637	.632	1.3250

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

b. **Dependent Variable: Employee's performance**

Findings

The study *investigated the effect of* transformational and transactional leadership and the most effective for employee performance. The results from the multiple regression analysis recorded the impact of transformational and transactional leadership on employee performance.

Transformational leadership style (β = .561, P = 0.01) exhibited significant positive effect on employee performance. The result indicated that there is significant positive relationship between transformational leadership style and employee performance, thereby leading to the rejection of the null hypothesis. This is supported by (Bono & Judge, 2003; Dumdum et al., 2002; Koh, Steers, &Terborg, 1995; Walumbwa & Lawler, 2003) in Jones, (2006) that transformational leadership is positively linked with Employee's performance. This is further supported by (Voon, et. al., 2011) which showed in their study a strong relationship between transformational leadership and job satisfaction increasing employee's performance.

Moreso, transactional leadership style (β = .116, P = 0.02) exhibited significant positive effect on employee performance. This is further supported by Ekutu (2008) research on the impact of leadership behaviors on employees' satisfaction and employee performance in boutique hotels. The results showed that transactional leadership behaviors had a positive influence on employee performance and employee satisfaction, but that transactional leadership behaviors and laissez-faire behavior on the other hand, produced low levels of satisfaction and employee's performance amongst employees in the boutique hotel industry.

Transactional leaders however use rewards to influence employee behavior to their benefit at low costs or they have a total disregard for what happens in the organization and do not feel responsible for anything, which often result in dissatisfaction of the employees.

The analysis further revealed that .632(63.2%) of employee's performance is being accounted for by the two leadership style (Transformational and transactional leadership style) but

Transformational leadership style with (β = .561, P < 0.01) proves to be a higher predictor of employee's performance than the transactional leadership style with (β = .116, P < 0.02).

This is in accord with Lee (2005) who found that transformational leadership showed a stronger influence on organizational commitment than the transactional leadership. This is because transformational leaders have the ability to transform the values, needs and aspirations of subordinates to perform beyond their expectations (Walumbwa 2005).

Conclusion

The review of extant literature reviewed and the analysis shows that leadership is a key determinant of Employee's performance. Transformational leadership is positively linked with Employee's performance. Leaders with this leadership style includes employees in the decision making process, they encourage them to be critical and use different approaches to solving problems and they recognize and appreciate the need of each employee to develop their own potential. Transformational leaders provide mission and vision; enhance the sense of belonging and devotion so that employees want to be a member of the organization. This makes them eager to put in effort for achieving the goals of the organization. This style also develop others to be leaders or to be better leaders.

Transactional leaders however uses rewards to influence employee behavior to their benefit at low costs, motivates and directs followers by appealing to their own self-interest. The focus is on basic management processes like controlling, organizing and short-term planning. This style is more responsive and deals with present issues. It also relies on inducement of rewards, punishment and sanction for unacceptable performance and the ability of the leaders to motivate followers by setting goals and promising rewards for the desired performance. In conclusion the transformational leadership is more effective and efficient than the transactional leadership.

Recommendations

In the light of the findings and conclusion, it is

recommended that the management and organizational leaders of the various organizations in Delta State should;

I.   Organizational leaders should arouse the team spirit and show enthusiasm and optimism by involving their sales force and followers in defining the desired future state of affairs which creates commitment to the goals and the shared vision.

II.   Leaders should learn to be transformational so as to stimulate their followers to be creative and innovative by creating an environment in which their employees are forced to think about old problems in new ways.

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