

Effect of Transactional Leadership Style on Performance of Savings and Credit Cooperative Society: A Case of Imarisha in Kericho County, Kenya

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Abstract: Leadership is known globally for the most productive performance. Performance of organisations is directly affected by leadership styles. In Kenya the use of leadership styles is a major challenge in the management of Savings and Credit Cooperative Societies thus affecting performance. The study aimed at assessing effect of Transactional leadership on performance of savings and credit cooperative society: a case of Imarisha savings and credit cooperative society in Kericho County, Kenya. The study used descriptive research design. The population comprised of all staff of Imarisha savings and credit cooperative society. Simple random sampling was used. A sample of 27 management staff and 36 support staff was drawn from the purposively selected savings and credit cooperative society and used in the study. The study used two sets of questionnaires one for management staff and another for support staff. Data was collected through administration of two sets of self-administered questionnaires to the selected respondents. The data was processed and analysed using descriptive statistics with the aid of Statistical Package for Social Sciences (SPSS) Version 20 and presented using frequency distribution tables and charts. An analysis of the major findings in study indicated that coefficient of determination (R^2) is 0.790 therefore about 79.0% of the variation in effect of transactional leadership styles on performance. The study recommends that management staff should be trained on new methods of leadership so as to keep up with current leadership style.

Key Words: Transactional leadership style, Performance

I. INTRODUCTION

Transactional leadership is a leadership approach founded on a contractual agreement between a leader and his followers, where each side expects of the other a fulfillment of the agreed terms of transaction to ensure the survival of the relationship existing between them (Penn, 2015). Transactional leadership is based on punishments or rewards given to employees dependent on job performance (Munirat & Yusuf 2017). Extreme form of transactional leadership may be taken as an autocratic leadership style especially when the leader has lots of power over their followers with reference to making staff abide to management decisions. The transactional leadership prefers to maintain a specified framework in order to realize high employee performance (Khan & Nawaz, 2017). According to Spahr, (2015)

transactional leaders are result-oriented; they are likely to command military operations, manage large establishments, or lead projects. Projects led by transactional leaders often demand complete adherence to precise rules. Bennet, (2009) concurs by explaining that transactional leaders are autocratic because they are bureaucratic, powerful and authoritative policy makers. The work of Daft (2000) showed that transactional leadership leads to increase in organisational effectiveness because leaders are concerned with the efficiency of the tasks that lead to performance such as plans, schedules and budgets.

Smith, Eldridge, and DeJoy (2016) explains that transactional leadership has been used as a corrective approach, and has two dimensions: contingent reward; and management by exception (active and passive). Contingent reward means that leader uses rewards and promotions in order to get the desired results from their followers. In management by exception, leaders take corrective actions, when things go wrong and out of control. It is also of two types: management by exception active and management by exception passive. Management by exception active suggests that leader proposes the anticipation behaviour. The leader with transactional leadership style tries to solve the problem before they are likely to occur. In management by exception passive, leader does not anticipate the forthcoming problem, but takes actions when problems occur. Spahr, (2015) states that many military members, CEOs of large companies, and National Football League (NFL) coaches are often recognized as transactional leaders. Regulations, and achievement is based on performance reviews. According to Odumeru and Ifeanyi (2013), this type of leadership is effective in crisis and emergency situations which calls for resilience in leaders today. According to Oladipo, Jamilah, Abdul, Jeffery & Salami (2013) the success or failure of proper organizations, nations and other social units has been largely credited to the nature of their leadership style. From the above leadership style the study included use of contingent rewards, and management by exception passive and management by exception active.

II. RESEARCH METHODOLOGY

The study used the descriptive research design in which opinions of managers and support staff were collected. The design was appropriate because of its efficient method of collecting descriptive data regarding characteristic of sample of a population, current practices, conditions or needs. The design was also used because it allowed the researcher to gather information regarding the respondent’s opinions and perceptions.

The sample was selected by simple random sampling among the staff of Imarisha Sacco Society Limited, Kericho County, Kenya. The sample size, *n*, for target residents with a known population, *N*, is calculated using Israel (1992) formula as shown below

$$n = \frac{N}{1 + N(e)^2}$$

Where *e* is the desired precision (e.g., 0.05 for 95% confidence level). For example, total management staff in Imarisha SACCO is 29, implying *n* is as derived below

$$n = \frac{29}{1 + 29(0.05)^2} = 27$$

The study was conducted amongst a sample of 27 top management and 36 support staff in Imarisha SACCO Society Limited

$$n = \frac{40}{1 + 40(0.05)^2} = 36$$

The study used two sets of questionnaires (SACCO management and SACCO staff).The two questionnaires consisted of mainly closed-ended items and a few open-ended items. Each set of questionnaires had items seeking similar information from the respondents so as to gauge their opinions and perceptions on the effect of transactional leadership style on the performance of SACCOS. The questionnaires were self-administered. Data was analyzed using descriptive statistics with the aid of SPSS version 20 and the results were presented using frequency distribution tables and charts.

III. RESULTS AND DISCUSSIONS

Results of transactional leadership styles in term of; members of staff being rewarded when they perform well,management staff assisting members when they have personal problems before it affects the organization and management staff assisting members when they have personal problems after it affects the organization. The views of both the management and support staff were collected.

Table: 1 Descriptive Statistics of Mean, Median and Mode derived from Statistical Package for Social Sciences

	our members of staff are rewarded when they perform well	management staff assist members when they have personal problems before it affects the organization	management staff assist members when they have personal problems after it affects the organization
NValid	63	63	63
Mean	2.17	1.94	3.56
Median	2.00	2.00	4.00
Mode	1	2	4
Std. Deviation	1.115	.780	1.305
Variance	1.243	.609	1.703

Source: Research data (2019)

Table: 2Members of Staff are rewarded when they perform well

Rating	Frequency	Percent%
Strongly agree	21	33.3
Agree	21	33.3
Uncertain	12	19.0
Disagree	7	11.1
Strongly disagree	2	3.2
Total	63	100

Source: Research data (2019)

Table 2 indicates that 21 (33.3%) employees strongly agreed, 21(33.3%) agreed, 12(19.05%) uncertain, 7(11.11%) disagreed and 2(3.17%) strongly disagreed. The reason for asking the question on staff being rewarded when they perform well is because it motivates the staff and hence an effect on performance. The computed mean (descriptive statistic) is 2.17(table 1) is equivalent to 50%; the percentage of those who strongly agreed and agreed were 33.3% + 33.3%=66.6%. This value is above the mean of 2.17. This shows that more employees agreed that the staff are rewarded when they perform well.

Table: 3 Members of Staff are assisted when they have Personal Problems before it affects the Organization

Rating	Frequency	Percent%
Strongly agree	20	31.7
Agree	28	44.4
Uncertain	14	22.2
Disagree	1	1.6
Strongly disagree	0	0
Total	63	100

Source: Research data (2019)

Table 3 demonstrates that 20(31.75%) strongly agreed, 28(44.44%) agreed, 14(22.22%) uncertain, 1(1.59%) disagreed and 0(0%) strongly disagreed. The intention of

asking a question on members of staff being assisted when they have personal problems before it affects the organization was because this directly relates to performance. The computed median (descriptive statistic) is 2.00(table1) corresponds to the frequency of 28(table 3). This means that the management strikes a balance in assisting members of staff when they have personal problems before it affects the organization.

Table: 4 Members of Staff are assisted when they have Personal Problems after it affects the Organization

Rating	Frequency	Percent%
Strongly agree	3	4.8
Agree	17	27.0
Uncertain	4	6.3
Disagree	20	31.7
Strongly disagree	19	30.2
Total	63	100

Source: Research data (2019)

Table 4 demonstrates that 3(4.76%) employees strongly agreed, 17(26.98%) agreed, 4(6.35%) uncertain, 20(31.75%) disagreed and 19(30.16%) strongly disagreed. Data was obtained regarding members of staff being assisted when they have personal problems because this affects the organization which in turn directly influences performance. The computed mode (descriptive statistic) is 4(table 1) is equivalent to the highest frequency of 20(table 4). This means that most employees disagreed that members of staff are assisted when they have personal problems after it affects the organization.

IV. CONCLUSIONS AND RECOMMENDATIONS

Among the transactional leadership styles affecting performance, most respondents indicated that assisting members of staff when they have personal problems before it

affects the organization performance. Another factor that featured prominently was members of staff being rewarded when they perform well. Finally respondents disagreed on members of staff being assisted when they have personal problems after it affects the organization performance.

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