NEXUS BETWEEN LEADERSHIP STYLES, EMPLOYEE RETENTION AND PERFORMANCE IN ORGANIZATIONS IN NIGERIA

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Abstract
The study sought to examine the nexus between leadership styles and employees’ retention in organizations with a view to ascertaining how leadership styles influence employees’ retention and performance, and consequently enhance productivity in organizations in Nigeria. The paper is a literary work; hence it derived its data from secondary sources of data. The objectives that guided the study were: to overview the concept of leadership, identify the various types of leadership, and their impact on employees’ retention and performance in organizations. The paper identifies the following leadership styles that are prevalent in organizations; autocratic, democratic, bureaucratic amongst others. The paper argued that effective leadership style is crucial for achieving organizational goals. Thus, the study reveals that when management styles are considered repugnant by the subordinates, they undermine employees’ performance and instigate their propensity to quit the organization, and vice versa. The paper further argued that employees’ retention and performance can be achieved through the adoption of appropriate leadership styles that will align business strategies with employees’ motivation and morale. Hence, it therefore, proposes that managers adopt leadership styles that will corroborate the behavioral patterns within the expectation levels of employees. This will propel employees to perform at maximum levels of contribution and not only spur but concretize their retention in organizations.

Keywords: Leadership Styles, Employee, Retention, Performance, Organization
Introduction

Leadership issues have severally reverberated in the domain of organizational discourse. This is because of its significance in attaining organizations’ goals and objectives. It is argued that the objective of any organization is to attain a set goal and leaders play a determinant role to organizational efficiency (Nwokocha, 2014). Obiwuru, Okwu, Akpa and Nwankwere (2011) posit that the ability of management to execute collaborated efforts depends on leadership capability. Hence, an effective leader does not only inspire subordinates’ critical potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals (Lee and Chuang, 2011).

Leadership is defined by Armstrong (2012) as a process of inspiring people to do their best in order to achieve desired result. He stated that this involves developing and communicating a vision for the future, motivating people and securing their engagement. Thus, the efficiency in resources mobilization, allocation, utilization and enhancement of organizational performance depends to a large extent on leadership styles, among other factors (Obiwuru et al., 2011). Polychronious (2009) corroborated this view that leaders in today’s hyper turbulent business environment strive to design and implement a variety of processes; team - based tasks, and projects. In that case, he stressed that a leader has to provide the followers what is needed to keep them on the job, make them productive and proceed towards realizing the organizations’ vision. Unfortunately over time, this synergy eludes the organizations, thereby constituting challenges to employees’ performance and retention, and the overall actualization of business objectives.

Northouse (2013) asserts that ineffective or inappropriate leadership styles can directly affect the performance and retention of employees in contemporary organizations. This paper shares this assertion. It is based on this premise and the realization of the importance of human resources in achieving corporate goals that this paper examines the nexus between leadership styles and its interplay in organizations. This is with a view to ascertain its interactive impacts on employees’ retention and performance in organizations in Nigeria. To achieve this objective, the paper discusses the following:

- An overview of leadership,
- Types of leadership styles and their implications for employee behaviour in organizations, and
- Interactive impact of leadership styles on employees’ retention and performance in organizations.
This paper is a literary or library research work. Hence, its data are derived from secondary sources: textbooks, journals, reports, research theses, project works etc.

An Overview of Leadership

The concept of leadership was originally developed in folk psychology to explain the factor of social influence on groups (Jaskaran and Sri-Guru, 2014). Leadership is the process by which a person exerts influence over people and inspires, motivates, and directs their activities to help achieve group or organizational goals (Jones and George, 2004). Leadership is essentially a process in which one individual or sometimes a small group of individuals influences the efforts of others towards the achievement of goals in a given set of circumstances (Cole, 2005). Eze (2010) defined leadership as the possession by one the ability to get others to play along with and to say the least, ‘obey him’. Iheriohanma (2009) sees leadership as the ability of a person to lead. He posits that leadership functions within contexts and situations. It involves possession of authority, influence and certain qualities, skills, knowledge, information and behavioral attributes. Reber (1995) cited in Iheriohanma (2009) lent credence to this assertion that, a person in leadership position functions within a social group context and situation. He exercises authority and influence in order to properly lead. Fry (2003) views leadership as a leading strategy to offer inspiring motives and to enhance staff potentials for growth and development. In another instance, Iheriohanma, Wokoma and Nwokorie (2014) observe that leadership, in any social context, is a catalyst occupying a critical position that involves a process, an act, a group context, an involvement on influence and goal attainment, and above all, a quintessential pathfinder in directing the followers.

Ng ‘ethe, Mike and Namusonge (2012) consider leadership as a relationship through which one person influences the behaviour or actions of other people for the purpose of achieving goals and to maximize results in the organization. Similarly, Northouse (2004) describes leadership as a process whereby an individual influences a group of people to achieve a common goal. In the view of Yukl (2002) cited in Sajid, Bilal, Nabia, and Nasir (2012), leadership is the process by which shared objectives can be achieved through facilitating individual and collective efforts. They saw it also as a process of what and how things can be done effectively by influencing others. Gill, Flascher and Shacha (2006) proclaimed that leadership helps to stimulate, motivate, encourage, and recognize their followers in order to get key performance results. It is therefore deducible that leadership entails the act of influencing people through situational
behaviour and tactics in order to support and implement leaders’ strategies that are considered pivotal to achieving organizational goals.

**Types of Leadership Styles and their Implications for Employee Behaviours in Organizations**

Ng ‘ethe et al., (2012) described leadership style as that particular behaviour applied by a leader to motivate his subordinates to achieve the objectives of the organization. Ushie, Agba, Ogaboh, Agba and Chime (2010) posit that leadership style entails those characteristics of individual leaders which are typical across situations. It includes the types of control leader’s exercise in a group and their behaviour towards group members. They pointed out that leadership style varies on the basis of duties the leader feels he alone should perform, the responsibilities the leader expects his followers to accept and the philosophical commitment of the leader to development and the realization and fulfillment of subordinate expectations.

Michael (2010) pointed out that current leadership theories described leaders based on traits or how the influence and power are used to achieve objectives of the organization. He stated that when using trait-based descriptions, leaders may be classified as autocratic, democratic, bureaucratic, charismatic or Laissez-Faire. But when leadership is viewed from the perspective of the exchange of power and its utilization to secure outcomes, leaders are situational, transactional or transformational. We shall consider these perspectives or styles of leadership below:

3.1 **Autocratic Leadership Style**

This leadership style is often classified as the classical approach (Swarup, 2013). It is a style of leadership where a manager is the most powerful entity, the primary decision maker and authority (Gordon, 2013). This style of leadership is based on the traditional premise that leaders are good managers who direct and control their people. Those followers (employees) are obedient subordinates who follow orders (Ali, Ismael, Mohamed and Davoud, 2011). This position is supported by Gordon (2013) that employees under autocratic leadership style are expected to follow the orders of their manager even if they do not agree or do not receive any explanation. She argued that in order to motivate employees, managers using autocratic leadership styles often employ a set of rewards and punishments that are highly structured.

Zervas and David (2013) posit that an autocratic leader accomplishes ends through imparting a clear, compelling vision, sees to it that the vision is built into strategic planning, and that it guides action throughout the organization. They stress that autocratic leaders provide clear directions, monitor progress closely, and convince subordinates of the position of
management. Gordon (2013) stated that organizations with an autocratic style of leadership have instances of employee absenteeism and unusually high turnover. She maintained that employees’ problems with autocratic leadership include the idea that managers do not trust their employees, the fact that managers often use punishment or threat to motivate employees, and the fact that employees’ input is generally not valued. She further stressed that autocratic leadership often has a negative effect on employees’ morale. She went further to state that when talented employees are confronted with an autocratic leader, they become more passive, aggressive, and often tend to leave the organization and, in some cases, the employees may also feel resentful and look for ways to get their managers in trouble, a situation which may lead to paranoia on the part of the manager. Pugh (1971) cited in Ushie et al., (2010) in support of this position, posit that autocratic leadership style creates two types of behaviour. It makes workers to be either aggressive or apathetic and withdrawn.

Despite this identified drawbacks of autocratic leadership style, Swarup (2013) argued that autocratic leadership is not all bad. He posits that sometimes it is the most effective style to apply in situations when: new and untrained employees who may not be acquainted with the tasks to perform or are confronted with problem of which procedure to follow, effective supervision can be provided only through detailed orders and instructions, in circumstances where employees are averse to any other leadership style, there are high-volume production needs on daily basis, there is time constraint to make a decision, a managers’ power is challenged by an employee, the workplace is ineffectively managed, and when work needs to be coordinated with another department or organization. He however, suggested that autocratic leadership style should not be used when: employees become tensed, fearful and resentful, employees expect to have their opinions heard, employees begin depending on their managers to make all their decisions, and there is low employee morale, high turnover and absenteeism and work stoppage.

In the overall assessment of the characteristics of autocratic leadership style, it implies that an organization with this style of leadership will witness a high level of employees’ discontent which its resultant effect will be employees’ low performance and turnover in the organization. This is because in this knowledge - based economy, employees prefer organizations that will offer them the opportunity for creativity and innovativeness in order to show case their critical talents and skills. This is pertinent because one of the principles of organizational effectiveness is team work and sharing of ideas which help to ossify the bond of relationship and increase productivity in organizations. When employees are provided with such participatory
opportunities in workplace, they intend to perform in their optimal level and stay in such organization.

3.2 Democratic Leadership Style

The democratic leadership is also known as participative leadership style. It is a leadership style that encourages employees to participate in decision-making process in the organization. A democratic manager keeps his employees informed about everything that affects their work and shares decision-making and problem solving responsibilities (Swarup, 2013). This definition is supported by Johari (2008) who described participative leader as a leader who encourages the participation of staff in solving problems and decision making in a daily operational matters. He posits that the roles and contributions of staff are important. The leader will gather opinions, suggestions and feedback from staff before making decision or issuing instructions to the team. Thus, the direction of the team is influenced by the staff’s involvement.

Ushie et al., (2010) state that in a democratic leadership style, the manager delegate’s authority to subordinates while retaining the ultimate responsibility. In the various views of Zervas and David (2013) and Iheriohanna et al. (2014), democratic leadership style tends to foster responsibility, flexibility, and high morale that will result to improved employees’ performance. They posit that democratic leadership style tends to increase employees’ ambition and motivation as well as foster employees’ identification and retention in the organization. They further argued that since employees are engaged in decision-making, delegation and planning in the organization, there is a tendency for them to be more realistic about organizational needs. This suggests that in democratic leadership, the employees feel comfortable with the trust reposed in them which gives them the confidence to build a strong cooperation, team spirit, high morale and expunge any element that will bring in espionage.

Despite the benefits associated with democratic leadership style, it is still fraught with some pitfalls. Donna (2011) stressed that the democratic leadership is marked by several drawbacks that must be overcome to ensure its effectiveness in the organization. He pointed out five basic challenges of the democratic leadership style to include: competency, crises, consensus, pseudo-participation, and adherence. He further concluded that overcoming these five negatives of the democratic leadership style will allow organizations to fully benefit from the advantages of this management style such as higher employee performance, satisfaction and better retention rates. This is because a working environment with democratic leadership style creates opportunities for employees’ empowerment, creativity, initiative, participation, career growth and development and succession, and also
provides for a safe future with the organization. These are fundamental motivation variables that are always clamored for by empowered employees, particularly in this globalized and knowledge-based economy.

3.3 Bureaucratic Leadership Style
In this style of leadership, the manager manages “by the book”. It requires total compliance to procedures and rules. If the rules and regulations do not cover a specific situation, the bureaucratic leader looks to the supervisor for guidance (Zervas and David, 2013). Michael (2010) argues that in bureaucratic leadership, it is the policies that drive execution, strategy, objectives and outcomes in the organization. He stresses further that since bureaucratic leaders are usually committed to procedures and processes instead of people (employees), they often times appear aloof and are highly averse to change. Swarup (2013) pointed out that bureaucratic leadership style can be effective when: employees are performing routine tasks over and over again, employees need to understand certain standards or procedures, employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate, safety or security training is being conducted, and employees are performing tasks that require handling cash. He noted further that bureaucratic leadership can be ineffective when: work habit forms are hard to break, especially if they are no longer useful, employees lose their interest in their jobs and in their fellow workers, and employees are complacent to organizational policies and standards.

The overriding implication of bureaucratic style of leadership in organization is that it ignores the benefits of the leader to motivate and develop employees, since policies are simply inadequate to the task of motivating and developing employees’ commitment in workplace. Policies are not in themselves destructive, but non-futuristic and thoughtlessly developed and blindly implemented policy can de-motivate employees and frustrate desired outcomes. This may hinder performance and instigate employees’ turnover in the organization.

3.4 Charismatic Leadership Style
The charismatic leadership style became a topic of great interest after a resurrection of the scientific field of leadership in the late 1980s and early 1990s which included an increase in publications and the elaboration of leadership (Conger and Hunt, 1999). The concept is derived from the Greek word charisma which means “divinely inspired gift” (Stephen, 2013). Charismatic leadership style is the leadership style that has his influence springing mainly from the personality of the leader (Eze, 2010). Scholars have argued that charismatic leadership can be defined by distinct behaviours that occur in three successive stages: the first stage is assessing the
environment. In this stage, the charismatic leader perceives the needs of the subordinates and expresses their dissatisfaction with the status quo. The second stage is when the charismatic leader formulates a vision and communicates this vision effectively to the followers (employees). The third stage is the implementation of the vision which requires that the leader acts in a risky and unconventional way to secure the commitment of the subordinates, such as willingly exposing themselves to situations with uncertain outcomes and taking chances (Ehrhart and Klein, 2001).

In the view of Jaepil (2006), charismatic leadership assumes three core components: envisioning, empathy, and empowerment. He argued that a charismatic leader’s envisioning behaviour influences the followers (employees) need for achievement, the leader’s empathic behaviour stimulates the followers’ need for affiliation, and the followers’ need for power is enhanced by a charismatic leader’s empowerment practices. Michael (2010) posits that a charismatic leadership provides a fertile ground for creativity and motivation, and it is often highly motivational. Zervas and David (2013) stated that in a charismatic leadership style, leadership is achieved through setting an example, rather than through instruction or intentional staff development, establishment of high standards, and through impart enthusiasm. They argued that people follow a charismatic leader because of what they believe the leader can do, not by his leadership skill.

The above view gives credence to the assertion made by Stephen (2013) that followers of charismatic leaders perceive them to be endowed with qualities not found in ordinary leaders. He stresses that this perception of the charismatic leaders’ qualities motivates the followers to higher levels of commitment and task performance than would otherwise be the case. Employees generally feel better about themselves and their circumstances when working with a charismatic leadership. This is because charismatic leadership has the potential to help an organization rise above unsatisfactory performance and internal cultural restrictions to develop a positive interface with its operating environment (Stephen, 2013). He stressed further that the members of an organization led by a charismatic leader are likely to agree with, feel affection for, and obey the leader. He pointed out that a charismatic leader has the ability to transform the nature of work and make it more meaningful by de-emphasizing extrinsic rewards and focusing on the intrinsic qualities of the task. This suggests that the reward that organizational members derive in the accomplishment of the tasks is one of enhanced self-worth. In this case, he argued that the employees are likely to build a strong and close connection between organizational tasks and their own self-concepts. This “mutual connection” is what spurs employees working under a charismatic leader to remain in the organization. Hence it is believed that charismatic leaders can provide effective leadership to
organizations, since they are able to inspire employees’ satisfaction and commitment by connecting to their activities to an inspiring organizational vision (Stephen, 2013).

Evidences abound on the positive correlation between charismatic leadership and enhanced organizational performance (Conger, Kanungo, and Menon, 2000). Alan (2013) opined that charismatic leadership style is related to transformational leadership. This is because these inspire enthusiasm in their teams and are energetic in motivating others to move forward. This excitement and commitment from the team is an enormous benefit both to the individual and the organization. He however states that the difference between charismatic leaders and transformational leaders lie in their intention. While transformational leaders want to transform their teams and organizations, the charismatic leaders are often focused on themselves, and may not want to change anything.

There are identified downsides of charismatic leadership. Zervas and David (2013) pointed out that a charismatic leader tends to become coercive when a subordinate fails to live up to expectations or when there is trouble. Alan (2013) posits that charismatic leaders believe more in themselves than in their teams. He stresses that this “attitude” can create the risk that a project or even an organization might collapse if the leader leaves. House and Howell (1992) cited in Stephen (2013) state that the behaviour of a charismatic leader can introduce instability and uncertainty into management and decision-making process, and can increase the risk levels of the organization. In the views of O’Connor, Mumford, Clifton, Gessner, and Connelly (1995), organizational members can be subjected to manipulation and deception by charismatic leaders. Conger (1990) and Bryman (1993) cited in Stephen (2013) stressed that the charismatic leaders are unlikely to be able to enforce the positive characteristics of their leadership into the organization to continue beyond their incumbency. They posit that it is rare for charismatic leaders to be replaced successfully by leaders with the same capacity for achieving organizational transformation.

Scholars have provided explanation for the potential liabilities of charismatic leadership by drawing a distinction between personalized and socialized charismatic leadership (House and Howell, 1992; Howell and Shamir, 2005). This distinction is drawn based on the observation that some leaders react to organizational problems in terms of their own needs rather than those of the organization, and may consequently engage in actions which have adverse outcomes for the organization (O’Connor, et al., 1995; Stephen, 2013). Personalized charismatic leadership is exploitative, non-egalitarian, and self-aggrandizing. On the other hand, socialized charismatic leadership is more likely to be empowering to followers, non-exploitative, and motivated by organizational rather than personal needs (Stephen, 2013).
Jaepil (2006) described a personalized charismatic leader as authoritarian and narcissistic. He argued that the goals of a personalized charismatic leader reflect their own interest, while the needs of the organization and its members are manipulated in order to achieve the leaders’ interests. He concluded that the relationship between the leader and organizational members can be exploitative. Howell and Shamir (2005) in their contribution maintained that the relationship in personalized charismatic leadership is focused on followers’ personalized identification with the leader. This, they argued, that such a relationship is likely to generate feelings of empowerment for the leader, but eventually will constitute a detrimental consequence. Conversely, Howell and Shamir (2005) described socialized charismatic leader as a leader who articulates a vision that serves the interests of the organization as well as leading in an egalitarian manner. They pointed out that socialized charismatic leaders seek to actively empower followers and to govern through established channels of authority in order to accomplish their goals. The leader demonstrates regard for and commitment to legitimate channels of authority to implement their objectives. The relationship between the leader and organizational members is focused less on the personality of the leader and more on the leaders’ message about the organization and its ideals and goals. In this relationship, followers are able to place constraints on the leader’s influence and are less prone to manipulation by the leader (Stephen, 2013). On this premise, Jaepil (2006) therefore concluded that the socialized charismatic leadership is considered non-exploitative and more focused on followers’ needs.

The above review has revealed the positive and negative aspects of charismatic leadership. For an organization that wants to retain its critical and talented workforce, it is therefore suggested that the socialized charismatic leadership is encouraged. This is because an effective socialized charismatic leader can revolutionize an organization and inspire employees to enhanced performance (Stephen, 2013), unlike the personalized charismatic leader that focuses on his personal advancement and interest. Such feeling of invincibility by the personalized charismatic leader can easily breed frustration, revolution and apathy among the most talented employees, thereby ruining the employees’ interest and organizational goals. This in turn can hamper performance and instigate employees’ turnover in the organization.

3.5 Laissez-Faire Leadership Style

Laissez-faire is a French phrasing which means “leave it be”. It describes leaders who allow their people to work on their own (Alan, 2013). The term laissez-faire was originally used relative to mercantilism, and is defined in economics and politics as an economic system that functions best
when there is no interference by government, and is considered a “natural” economic order that procures the maximum well-being for the individual and extends to the community (Ronald, 2011). The laissez-faire leadership style is also known as the “hands-off style”. It is the leadership style that the manager provides little or no direction and gives employees as much freedom as possible (Swarup, 2013). In this style of leadership, all authority or power is given to the employees and they must determine goals, make decisions, and resolve problems on their own (Swarup, 2013). Johari (2008) sees laissez-faire leadership as a light-weight of leadership style. He stresses that in this leadership style, leaders limit their involvement with the group members.

Kendoa (2013) posits that laissez-faire leadership involves giving group members the freedom to make decisions. Muhammad and Usman (2012) assert that laissez faire style of leadership gives more opportunities and least possible guidance to employees in decision making in the organization. They stress that the motive behind this style of leadership is that the leaders perceive that employees perform extraordinarily when they are accorded the chance to respond to responsibilities and duties in their own ways. Ronald (2011) described the laissez-faire leader as one who believes in freedom of choice for the employees, leaving them alone so that they can do what they desired. He argued that the basis for this leadership style is in two folds: the first is that there is a strong belief that employees know their jobs best, so leave them alone to do their jobs. The second is that, the leader may be in a political, election-based position and may not want to exert power and control for fear of not being re-elected. He stressed that a laissez-faire leader provides basic but minimal information and resources. He emphasized that in this leadership style, there is virtually no participation, involvement, or communication within the workforce. He further explained that the understanding of the job requirements, policies, and procedures are generally exchanged from employee to employee in laissez-faire leadership work environment. He pointed out that because of this; many processes are out of control in managing the workforce in the organization.

Alan (2013) stressed that a laissez-faire leadership style can be effective if the leader monitors performance and gives feedback to team members regularly. The leadership style is most likely to be effective when individual team members are experienced, highly skilled, trustworthy, motivated and capable of working on their own (Stogdill, 1974; Kendra, 2013; Swarup, 2013 and Alan, 2013). Swarup (2013) suggested that laissez-faire leadership style should not be used when: it makes employees feel unsure at the unavailability of a manager, the manger cannot provide regular feedback to let employees know how well they are doing, managers are unable to appreciate employees for their good work, and the manager does
not understand his responsibilities and is hoping that the employees can cover for him.

The laissez-faire leadership style has been criticized for its negative effect in the organization. Alan (2013) opined that the leadership style can be damaging if the team members do not manage their time well or if they do not possess the knowledge, skills, or motivation to do their work effectively. Ronald (2011) argued that laissez-faire leadership style can lead to anarchy, chaos, and inefficiency. In spite of these identified downsides of laissez-faire leadership style; some positive aspect of the leadership style has also been reported by Alan (2013). He posits that the main benefit of laissez-faire leadership style is that it gives team members much autonomy; it can lead to high job satisfaction and also increased productivity in the organization. This suggests that if employees under laissez-faire leadership feel satisfied on their job, it behooves that such a leadership style could improve employees’ performance and enhance their retention in the organization.

3.6 Situational Leadership Style

The concept of situational leadership was first developed by Paul Hersey and Kenneth Blanchard in 1969 (Richard, 2013). The theory was first introduced as “life cycle” theory of leadership and later renamed situational leadership theory in 1972 (Mwai, 2011). In 1985, Blanchard redefined the model and it was named the situational leadership 11(SL11) model (Qin, 2011). The situational approach to leadership is based on the assumption that each instance of leadership is different and therefore requires a unique combination of leadership, followers, and leadership situation (Richard, 2013). The interaction in situational leadership is commonly expressed in a formula: SL=F (L, F, and S), where SL is successful leadership, F stands for function of; and L, F, S, are respectively the leader, the follower, and the situation. In other words, this formula states that a successful leadership is a function of a leader, follower and situation that are appropriate for one another (Richard, 2011).

The theorists of situational leadership style posit that a leader needs to fit his leadership to the individual requirement of a situation. This means that the leader’s behaviour should be contingent on the situation (Peng-Hsian, Hsin, and Thun-Yun, 2008). Rotimi (2013) explained that the theory of situational leadership asserts that there is no one style of leadership that pertains to all given workplace situation. Rather, effective leaders change their leadership styles to fit the situation. Thus a leader’s style changes with both the situations they are faced with and the environment that they are in. It holds that managers must apply different leadership styles depending on the various leadership situations that they face (Rotimi, 2013). This also implies that the situational leadership style allows leaders to evaluate the
needs of specific situational challenges and apply the most appropriate leadership style to address them. In the views of Peng-Hsian et al. (2008), the situational leadership model provides that an effective leader must be flexible and quick to adapt their leadership style to the current needs of the followers. They stress that an effective leader should be able to observe and mark the levels of readiness in his followers and consequently adapt these varying levels. This suggests that a leader must identify when and how to use the appropriate style to support and motivate employees in the workplace.

The situational leadership model has two components that are employed to ensure its effectiveness. These components are development level and the leadership style. The model posits that leadership style must match the appropriate level of followership-development. In this model, leadership behaviour becomes a function of not only the characteristics of the leader, but of the characteristics of follower as well (Vectorstudy.com). The development level refers to the follower’s degree of competence and commitment (Qin, 2011). The competence is referred here as the knowledge and skills a follower brings to a specific goal or task, while commitment is the follower’s motivation and confidence on the goal or task (Mwai, 2011).

The leadership style is explained in two different kinds of behaviour; the supportive behaviour and the directive behaviour. The supportive is viewed as people-oriented behaviour. It involves a two way communication and it focuses mainly on emotional and social support; while, the directive behaviour is regarded as task oriented behaviour which focuses on goals to be achieved and actions to be taken (Qin, 2011).

A critical review of the situational leadership style suggests the implication that it provides support and motivating environment for employees in the organization based on their needs; hence applying the leadership approach can build morale among employees and create a productive environment that will mitigate employee turnover.

3.7 **Transactional Leadership Style**

The transactional leadership style was pioneered by Burns (1978). He described the transactional leadership as exchange of the relationship between the leader and the subordinates (Suleman, Adil, and Muhammad, 2011). Transactional leadership involves an exchange process that results in follower compliance with leader request but not likely to generate enthusiasm and commitment to a task objective. The leader focuses on having internal actors to perform the tasks required for the organization to reach its desired goals (Boehnke, Bontis, Distefano, and Distefano, 2003; Obiwuru et al., 2011). Jung (2001) cited in Umer, Adnan, Anam, Inam-ul, and Hamid (2012) defined transactional leadership as the leader’s attitude towards identification of followers’ needs and aspirations, and clearly
demonstrates the ways to fulfill these needs in exchange of performance of followers.

Bass (2000) explained that in transactional leadership, effective leaders accommodate the interest of their subordinates by giving contingent incentives, honour and promises for those who auspiciously succeeded in fulfilling the commitments of the leaders or the organization. Similarly, Zervas and David (2013) stress that transactional leaders motivate through the use of contingent rewards or negative consequences. They concur that the transactional leaders’ main focus is on setting goals and clarifying the relationship between performance and rewards. Alan (2013) sees transactional leadership as involving the organization paying team members in return for their efforts and compliance. He posits that in this leadership style, the leader possesses the right to “punish” team members if their works do not meet an appropriate standard.

Hellregel and Slocum (2006) contend that transactional leadership is based on three components: Contingent reward, active management by exception, and passive management by exception. In contingent reward, the transactional leader provides reward to the subordinates in exchange of achieving targets, and these targets are set on the basis of short term and also measurable. In active management by exception, the leader monitors the subordinates’ performance and eliminates the deviation of subordinate from the path of goal. It also involves the leader setting the standards for compliance as well as for what constitutes ineffective performance, and may include punishing followers for non-compliance with those standards (Obiawuru et al., 2011). The passive management by exception provides the transactional leader to interface in the matter of the employee when the subordinate gives unacceptable performance (Suleman et al., 2011).

Scholars have argued that transactional leadership style brings some benefits and downsides in the organization. They posit that the benefits associated with transactional leadership include: the leadership style clarifies employees’ roles and responsibilities, transactional leadership judges team members on performance, and employees who are motivated by external rewards—including compensation—often thrive in the workplace that is managed by the transactional leader. The downside of transactional leadership is that team members can do a little to improve their job satisfaction. The scholars stress that this can stifle employees’ morale and lead to turnover in the organization (Alan, 2013; Zervas and David, 2013).

3.8 Transformational Leadership Style

Transformational leadership was first conceptualized by James MacGregor Burns in 1978. He was a presidential biographer and a leadership expert who focused mainly on the improvement of management principles
and procedures (Rich, 2013). He claimed that transformational leadership is observed when leaders encouraged followers to boost the level of their morale, motivation, beliefs, perceptions, and coalition with the objectives of the organization. Burns stresses further that a transformational leader needs to have a solid understanding of the necessary goals to be successful and be articulate in explaining those goals and the method through which they are to be achieved (Rich, 2013).

Transformational leadership is a leadership style that motivates followers by appealing to higher ideals and moral values which can inspire employees to perform beyond expectations and transform both the individual and the organizations (Bass, 1985 cited in Rochelle, 2012). Transformational leadership is based on idealized influence, intellectual encouragement, motivation and inspiration in which individual consideration takes place (Moghli, 2003 cited in Hassan, 2013). Hall, Johnson, Wysochi, and Kepner (2008) defined transformational leadership as a system of changing and transforming people. Ali et al., (2011) described transformational leaders as those who develop a positive relationship with their subordinates to strengthen the performance of the employees and thus the performance of the organization. They explained that transformational leaders help their subordinates to look beyond their own needs, and let them focus on the interest of the group as a whole.

In the views of Melvyn, Nico, Barbara, and Kai (2011), transformational leadership may be seen as encouraging followers to carry out their work in a promotion-based manner, and accordingly elicit fit for those who prefer to use promotional means of self-regulation. Krishnan (2004) sees transformational leadership style as the leader’s power of motivating the subordinates for achieving more than already planned by the followers. Zervas and David (2013) explained that transformational leadership is also a method which cuts across leaders’ styles. They posit that transformational leaders assume that subordinates will follow a person who inspires them and that to inspire, the leader must be a person with vision and passion. They argued that the leaders achieve this by being visible, in constant communication with their teams, and by infusing their actions and communications with enthusiasm and energy. They stress that many transformational leaders delegate freely and may rely upon the talent and expertise of members of their team to achieve results. In this process, they tend to give recognition for accomplishment.

Rich (2013) explained that transformational leader is a facilitator who does not make decisions or establish strategic plans but, instead, facilitates a series of conversations among the key stakeholders. He stressed that transformational leaders are driven by a strong set of values and a sense of
mission. Hence, they are described as charismatic, enthusiastic, optimistic, passionate and sometimes visionary leaders.

There are four components of transformational leadership that are prescribed by scholars. These are: charismatic, inspirational motivation, intellectual stimulation, and individual consideration (Bass, 1990 cited in Obiwuru et al., 2011). Charisma is considered by Humphreys and Einstein (2003) as that idealized influence or attributes of the leader who is characterized by vision and a sense of mission, instilling pride in and among the group, and securing their respect and trust. Conger and Kanungo (1998) and Howell and Frost (1989) cited in Obiwuru et al., (2011) state that charismatic behaviour propels followers to go beyond self-interest for the good of the group, providing reassurance that obstacles will be overcome, and promoting confidence in the achievement and execution influence. Inspirational motivation is concerned with a leader setting higher standards, thus becoming a point of reference (Obiwuru et al., 2011). Here, the leader is looked up to as the one providing emotional appeal to increase awareness and understanding of mutually desirable goals. This is achieved by communication of high expectations, using symbols to focus on efforts, and expressing important purpose in simple ways (Bass, 1995 cited in Obiwuru et al., 2011). The motivation occurs by providing meaning and challenge to the followers’ work; individual and team spirit are aroused; and enthusiasm and optimism are displayed. The transformational leader encourages the followers to envision attractive future states for the organization and themselves (Bass and Avolio, 1997; Obiwuru et al., 2011). Intellectual stimulation provides the followers with challenging new ideas and encourages them to break away from old ways of thinking (Bass, 1995 and Obiwuru et al., 2011). The leader is characterized as one promoting intelligence, rationality, logical thinking, and careful problem solving. The attributes include seeking differing perspectives when solving problems, suggesting new ways of examining how to complete assignments and encouraging re-thinking of ideas that have not been questioned in the past (Bass and Avolio, 1994; Obiwuru et al., 2011). The individual consideration component of transformational leadership has to do with developing followers by coaching and mentoring. The leader pays close attention to the inter-individual differences among the followers. He teaches and helps others to develop their strengths, and listens attentively to others’ concerns (Bass and Avolio, 1994; Obiwuru et al., 2011).

Bushra, Ahmad and Asvir (2011), in their contribution, explain that modern leaders perfectly adopt an attitude that supports employees, provide them a vision, cultivate hope, encourage them to think innovatively, individualized consideration and broaden the communication. They describe all these factors as the main features of transformational leadership style.
leading to boost up organizational strengths and increasing level of job satisfaction and organizational commitment in workforce. Behery (2008) argued that employees can easily share their knowledge among themselves when an organization employs transformational leadership style. This suggests that transformational leadership gives room for team work and employees’ interaction in organization. These interactions enable employees to be innovative in workplace. Also, it is argued that followers who work under transformational leaders are motivated and committed and these facilitate their satisfaction with the jobs (Givens, 2008 cited in Umer et al., 2012). Gill et al. (2006), posit that an organization can reduce job stress and burn- out by applying transformational leadership style.

**Interactive Impact of Leadership Styles on Employees’ Retention and Performance in Organizations**

The issue of leadership is crucial in the organization (Cole, 2005). This is premised on the fact that leadership contributes significantly to the success and failure of an organization (Jaskaran and Sri-Guru, 2014; Lok and Crawford, 2004). Obiwuru et al. (2011), posit that the ability of management to execute collaborated effort depends on leadership capability. This is because an effective leader does not only inspire subordinates’ potential to enhance efficiency but also meets their requirements in the process of achieving organizational goals (Lee and Chuang, 2011).

Industrial practitioners have long recognized the substantial role of employees in the realization of organizational goals. In an attempt to achieve these goals, organizational managers strive to develop, harness and utilize both material and human resources (Etuk, 1990 cited in Ushie et al., 2010). This also entails leading people, hence it has been argued by Ushie et al., (2010) and Obiwuru et al., (2011) that organizational failure is tied to the quantity, quality and inappropriate leadership style. This is explicated by Iheriohanma (2009) that the realization of organizational goals depends, to a great extent, on leadership. He posits that no matter the goals that motivated the establishment of an organization, it still requires management strategies and effective leadership in order to drive the organization to achieve its set objectives, especially in this business era that is characterized by competitive knowledge-driven economy.

Longenecker (1989) and Ezuluike (2001) cited in Iheriohanma (2009) emphasized that organizational performance not only hinges on the quality of leadership but that leadership, to a greater extent, determines how an organization can achieve progress in the face of accelerating information management and technological innovation. Thus, management of employees in an organization requires the leadership qualities and styles that will drive the corporate goal of the organization. This is because leaders and their
leadership style constitute significant influence on the subordinates and organizational outcomes (Tarabishy, Solomon, Fernald and Sashkin 2005). Effective leadership style and skills have been shown to enhance job satisfaction and promote staff retention in organizations (Kleinman 2013). Thus, employees’ retention and performance in an organization can be achieved when management adopts appropriate leadership and managerial styles and align business strategies to employee motivation and morale.

In the view of Michael (2008) cited in Ng ‘ethe et al. (2012), one of the critical roles of management is to create a work environment that will endear the organization to employees. This also includes influencing these employees’ decision to be committed and to remain with the organization even when other job opportunities exist outside the organization. It has been argued by Ng’ethe et al., (2012) that the role of leaders and their leadership styles are crucial in employee retention. This assertion is on the premise that leadership styles can either motivate or discourage employees, which in turn, cause employees’ increase or decrease in their level of performance and propensity for retention in the organization (Rochelle, 2012).

Ng ‘ethe et al., (2012) stated that the role of leadership and supervision is crucial in employee retention, as it is argued that employees leave managers and not the organizations (Beardwell and Claydon, 2007). Jaskyle (2004) stressed that employees’ perception of leadership behaviour is an important predictor of employee job satisfaction, commitment and retention in the organization. Rochelle (2012) opined that the leadership style that characterizes the interaction between leaders (or managers) and their followers (or employees) is most important in terms of employees’ efficiency, productivity and retention in the organization. This is because in this modern era of globalization, organizations are considered to be competitive on the basis of the competence of their human resources. It is somewhat a difficult task to handle people who are physically, psychologically, culturally and ethnically different from each other (Bushra et al., 2011). Thus, the management of employees and their retention in the organization are largely dependent on the quality of leadership and leadership styles employed by organizations (Albion and Gagliardi, 2007).

Drucker (1993) pointed out that the performance and quality of managers are the main elements which decide the success of an organization. Bushra et al. (2011) came to a similar conclusion that well-qualified and capable personnel are important in the context of achieving organizational goals and objectives. They stressed that the success of an organization depends on the hard working, loyalty and involvement of managers and employees. This is because, as organizations need workers for improved productivity, workers also need knowledge and practical leadership to integrate the factors of production for improved productivity. In this order
therefore, organizations need authentic, committed and practical leadership not only to integrate the factors of production but to motivate the workforce to ensure achievement of organizational goals (Iheriohanma, 2009; Iheriohanma et al. 2014). Hence, Leadership plays a crucial role in increasing performance of organizations and employees. Suleman et al., (2011) in their contribution, posit that leadership and its effectiveness is the primary focus for organization to achieve the organizational goals and to create organizational commitment in their employees. This is because employees’ commitment with the organization reduces their intentions to leave the organization and to remain a part of the organization to work with more efficiency and with loyalty (Pascal, Pierre-Sebastine and Lamotagne, 2011).

Johari (2008) explained that effective leaders should guide employees in a manner that allows them to develop an acceptable work attitude and behaviours that will enable them contribute to the achievement of the group and the overall goal of the organization. This underscores the observation made by Olayinka (2010) that organizational researchers have often stressed the pivotal roles that work attitude and behaviour of personnel play in the well-being, acceptance, retention and image of the organization. He stressed that the exhibition of negative work attitude and behaviour by employees may undermine organizational integrity, dainting reputation, causing mistrust and hampering organizations’ relations. He pointed out that it may also damage the reputations of good and hardworking members of the organization. This by extent, he argued that such infestation of negative behavioral attributes may reduce the productivity level of the organization and also propel the feeling of quitting among employees who may feel nauseated by such negative attitude and work behaviour of their colleagues and leaders.

The synthesis of the literature enunciated above, points to the fact that leadership styles of managers are therefore pertinent in keeping valued and talented employees in organizations. This is because when leadership styles of managers are viewed with negative lens from the subordinates, this will provoke their propensity to quit the organization. When the leadership style is admired and favourable to the subordinates, this will endear them to stay in the organization, thereby enhancing productivity, employee performance and their retention in the organization. The concern therefore will be for management to develop leadership styles that will be viewed industrial friendly, as this will spur employees’ performance and retention in organization. The above propositions intricately explain the nexus between leadership styles, employees’ retention, performance and organizational productivity. This exposition is crucial especially now that expected behaviours in organizations are dictated by knowledge management,
information and communications technology (ICT), and competition – facilitators that drive organizational performance in this era of globalized economy.

Conclusion

The paper examined the interactive influence of leadership styles in organizations with a view to establishing its interfacing impact on employees’ performance, retention and the overall health of organizations. This is prompted by the pivotal role the work attitude and behaviour of managers/leaders play in the well-being, acceptance and corporate survival of organizations. The study identifies some of the leadership styles prevalent in organizations in Nigeria to include, amongst others, autocratic, democratic, and bureaucratic types. The study further acknowledges the intercalary position and importance of effective leadership styles in achieving the desired business goals and objectives. Thus, the paper reveals that when leadership styles are repugnant, it will attract the exhibition of negative work attitudes by employees which is capable of undermining organizational integrity, propelling mistrust and eroding the aim of organization. It behooves on managers to identify leadership styles that will build a highly engaged and committed workforce and synchronize workers attitude to achieving organizational goals. This explains the synergetic relationship between leadership styles, employees’ retention, performance and organizational productivity.

Recommendations

The study proposes that organizations in Nigeria especially should adopt leadership styles that will galvanize organizational managerial and leadership processes and influence and behavioral patterns within the expectation level of employees. The adopted styles will also guide employees to develop an acceptable work attitude and behaviours. This is needed to enable employees to contribute to the success of the organization and equally create a healthy and balanced relationship in the workplace, thereby enhancing the contributions and retention of employees, especially the talented ones in the organization.

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