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IMPACT OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE: A STUDY WITH REFERENCES TO ZANZIBAR

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Abstract—**Leadership has a crucial role in facilitating optimal productivity and performance among people inside organizations. Leadership is widely acknowledged as a critical determinant of organizational productivity and success. This study aims to evaluate the correlation between different leadership styles and employee performance within the private sector of Zanzibar. The present research employs a quantitative approach, focusing on a sample of 150 employees selected from 10 distinct private institutions in Zanzibar. The sample selection is carried out using the basic random sampling procedure. The data was analysed using SPSS. The findings of the study indicate a statistically significant positive correlation between transactional and transformational leadership styles and employee performance, as evidenced by a p-value of 0.00, which is less than the conventional significance level of 0.05. The Cronbach's alpha coefficient was seen to fall within the acceptable range of 0.7 to 0.8. Research has demonstrated the significance of both transactional leadership and transformational leadership styles in the private sector of Zanzibar. These leadership styles play a crucial role in facilitating the achievement of institutional goals and improving employee performance.**

Keywords—**Transactional Leadership, Transformational Leadership, Employees Performance, Private Sector, Zanzibar.**

I. INTRODUCTION

Leaders who lack the capacity to properly guide individuals are unlikely to achieve success and, consequently, are unable to effectively lead their subordinates. It is strongly recommended that organizations possess leaders who possess the appropriate qualities to enhance efficiency and productivity inside the organization [1]. Leadership within an organization can be subject to several influencing variables. The primary determinant of differentiation between organizations is in the influence exerted by their respective cultures and value systems. The necessity of specific leadership styles varies across different types of organizations, contingent upon the organizational goals and vision [2]. The significance of leadership within an organization lies in its ability to formulate a vision, mission, and objectives, as well as to develop policies and strategies that facilitate the attainment of these objectives in a manner that is both successful and efficient. Moreover, leadership plays a crucial role in providing guidance and facilitating the coordination of various operations inside an organization. Currently, numerous organizations are encountering challenges associated with unethical practises within their operations, resulting in subpar performance and a high rate of employee turnover. One plausible explanation for this phenomenon can be attributed to the presence of inadequate leadership [3]. Certain organizations place significant emphasis on leadership styles, which managers utilize to effectively identify and address issues. There exists a range of leadership styles, encompassing dictatorial, transformational, transactional and democratic leadership. The present study aims to examine the relationship between transformational leadership and democratic leadership styles and their impact on employee performance [4].

This study will analyze the different types of leadership in the private sector of Zanzibar in order to determine which one is most effective in boosting productivity in businesses. This research could help us determine whether there is a correlation between leadership styles and employee performance, and if so, whether that correlation is statistically significant. It could also help us determine how much variation in performance can be attributed to differences in leadership style.

II. LITERATURE REVIEW

The term "leader" encompasses diverse interpretations among researchers, who view a leader as an individual who is either selected or designated by various methods to exert leadership within an organization, with the aim of facilitating the achievement of desired outcomes. The individual offers prominent service to the organization or establishment in order

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to provide formality and consistency, hence mitigating the risk of anarchy [5]. A leader is someone who possesses authority, whether it is political or non-political, within an organization and is responsible for guiding and directing the group towards a specific objective. This statement highlights the essential requirement for a leader to possess authority that is to be exerted within a structured context, characterized by certain objectives to be sought and achieved by said leader. Leadership style refers to the manner in which management and authority are employed inside an organization with the aim of attaining specific goals and objectives for the purpose of obtaining particular benefits [6]. The term "comprises" refers to the inclusion of a management system that specifically pertains to the leadership of an entity, with the aim of enhancing the performance of the business. The concept of leadership style can be understood as the managerial framework that encompasses the methods by which an organization guides its members towards the achievement of goals and objectives [7].

Transactional leadership is a leadership approach that uses a system of incentives and punishments as a means to incentivize and guide individuals who are being led. This leadership strategy, sometimes known as managerial leadership, places significant emphasis on elements such as structure, organisation, supervision, performance, and outcomes. The objectives and duties assigned to the group exhibit a high degree of organization, with members being incentivized upon successful attainment of these objectives and facing disciplinary measures in the event of missed deadlines. Citations [8] and [9] are provided. The leadership style can also exhibit characteristics of transformational leadership, which involves the leader taking proactive measures. This approach is commonly adopted by leaders within a group, organization, and among employees who work alongside and under them. The leader consistently inspires and encourages staff to actively pursue both personal and organizational objectives. Furthermore, in this particular category, the assigned tasks are designed to be demanding, with a strong emphasis on achieving high levels of performance. Leaders of this nature exhibit a notable degree of dedication and have a substantial following that admires and acknowledges their exceptional attributes. The primary goal of transformational leaders is to facilitate the empowerment of employees [10] [11].

A variety of leadership styles exist, each characterized by unique traits. The various forms of administration are associated with different types of leadership, which are contingent upon the type of organization, its culture, and its structure. The qualities, convictions, culture, and structure of an organization play a crucial role in determining its needs and defining the appropriate leadership style [12]. The user has provided a numerical reference, indicating the presence of a citation or source. There is a prevalent argument in the literature that leadership can exhibit varying forms of culture or structure depending on the unique combination of vision, goals, and projects. Consequently, management in such cases would align itself with these factors. When the leadership of an organization is aligned with the values, beliefs, structure, and culture of the organization, it leads to the flourishing of the organization and an increase in productivity [14]. The growth and progress of an organisation are enhanced when the leadership style aligns effectively with the hierarchical goals and objectives. The leadership style employed within an organization plays a crucial role in fostering a strong connection between leaders and employees, enabling a better understanding of the expectations and needs of various departments. This, in turn, creates a conducive environment for employees to effectively carry out their assigned tasks and enhance their overall performance [15]. The hypotheses proposed in this study are based on a thorough analysis of the existing literature and a comprehensive comprehension of the relevant topics.

H1: Transactional leadership has a significant positive impact on the employee performance.

H2: The transformational leadership has significant positive impact on the employee performance.

III. SIGNIFICANCE OF THE STUDY

This research focuses on the effects of transactional and transformational leadership styles on organizational effectiveness. Zanzibar's business sector leaders are falling short of expectations. However government has established a strategy of private-public collaboration approach for advancement of economy and gives greater amenities to the residents. Therefore, the purpose of this research is to examine effective styles of transactional and transformational leadership in the business world. Learning about the effects of different leadership styles will help authority choose the most effective method for boosting productivity in the workplace. Relationships between management and staff will be able to flourish as a result. It's intended to persuade policymakers, academics, and other influential people to follow a certain model of leadership.

IV. OBJECTIVES OF THE STUDY

1. To assess the impact of transactional leadership styles on employee performance within private enterprises.
2. To assess the impact of transformational leadership styles on employee performance within private enterprises.

V. METHODOLOGY OF THE STUDY

The current research employs the descriptive study methodology. Both primary and secondary data are utilised in the research process. The construction and formulation of a structured questionnaire are informed by several factors, including the study objectives, the researcher's expertise, and a comprehensive examination of existing literature. This approach ensures the collection of firsthand primary data. The acquisition of secondary data in research is heavily dependent

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on various sources such as the internet, academic journals, books, newspapers, and other third-party sources. The focus of this study pertains to the employees of ten prominent private institutions in Zanzibar, comprising the target population. A sample size of 150 employees was obtained using the basic random sampling procedure. The statistical software package SPSS is utilised for the analysis of the gathered data. A variety of analyses are conducted. The descriptive analysis was conducted to examine the demographics, resulting in the creation of graphs and tables. In order to address the primary research questions, inferential data analysis and relationship assessments are conducted to examine the associations between the two types of leadership. Correlation Analysis and regression analysis are employed to assess the association between variables. In addition, the determination of Cronbach's alpha is employed to assess the reliability and consistency of the collected data.

VI. DATA ANALYSIS AND INTERPRETATION

There is a discussion of the findings and outcomes of the study process in this chapter. Researcher uses SPSS for making descriptive and inferential statistics. The demographic information and descriptive analysis of the subjects are shown in Table-1 (a–d), which gives useful information about the study's results based on data gathered from the field.

Table – 1 (a): Demographic Statistics - Gender

		Frequency	Percent	Valid %	Cumulative %
Valid	Male	100	67.0	67.0	67.0
	Female	50	33.0	33.0	100.0
	Total	150	100.0	100.0	

Source: Field Data (2022-2023)

Table – 1 (b): Demographic Statistics - Age

		Frequency	Percent	Valid %	Cumulative %
Valid	25-40 Years	80	53.0	53.0	53.0
	41-55 Years	55	37.0	37.0	90.0
	More than 55	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Field Data (2022-2023)

Table – 1 (c): Demographic Statistics – Experience

		Frequency	Percent	Valid %	Cumulative %
Valid	0-10 Years	68	45.0	45.0	45.0
	11-20 Years	52	35.0	35.0	80.0
	More than 20	30	20.0	20.0	100.0
	Total		100.0	100.0	

Source: Field Data (2022-2023)

Table – 1 (d): Demographic Statistics – Education

		Frequency	Percent	Valid %	Cumulative
Valid	Bachelors	80	53.0	53.0	53.0
	Masters	42	28.0	28.0	81.0
	Diploma	28	19.0	19.0	100.0
	Total	150	100.0	100.0	

Source: Field Data (2022-2023)

Table – 2 (a): Reliability Statistics for Transactional Leadership

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.831	.853	5

The study's scale's alpha reliability coefficient is displayed in Table 2(a). The transactional scale's Cronbach's alpha is within an acceptable range of 0.853.

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Table – 2 (b): Reliability Statistics for Transformational Leadership

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.818	.823	5

The alpha reliability coefficient for transformational leadership is displayed in Table 2(b). The transformational leadership Cronbach's alpha is 0.823, which falls within an acceptable range.

Table – 2 (c): Reliability Statistics for Impact of Leadership on Employee Performance

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.744	.754	5

Table 2(c) presents the alpha reliability coefficient for impact of leadership on employee performance. The obtained results or Cronbach's alpha coefficient of .754 falls within an acceptable range.

Table – 3: Correlation Statistics

		Transac-tional Leadership	**Transforma-tional Leadership**	**Impact on Employee Performance**
Transac-tional Leadership	PC		.502**	.521**
	Sig.			
	N			
Transforma-tional Leadership	PC			.524**
	Sig.			
	N			

Source: Field Data (2022-2023)

Table 3 presents the results obtained from doing a correlation analysis on the research variable. The findings indicate a significant positive relationship between transactional leadership and transformational leadership (r = .502**, p < .01). Furthermore, it is noteworthy that transactional leadership exhibits a significant positive relationship with the performance of staffs (r=.521**, p<.01). Similarly, the impact of transformational leadership on employees' performance is substantially favourably connected (r=.524**, p<.01).

Table – 4 (a): Model Summary for Transactional Leadership

Model	**R**	**R^2**	**Adjusted R^2**	**Standard Error of the estimate**
1	.521[a]	.272	.264	3.15237

Table 4(a) presents summary depicting the influence of the primary criterion variable, namely performance effect, by the predictor variable of transactional leadership. The analysis revealed that the obtained result is statistically significant at a significance level of .000. Additionally, the R-squared value of .521 indicates that the model accounts for approximately 52.1% of the variability observed in the data.

Table – 4 (a): Model Summary for Transformational Leadership

Model	**R**	**R^2**	**Adjusted R^2**	**Standard Error of the estimate**
1	.523[a]	.274	.268	3.21272

The model summary for the connection between the predictor variable—transformational leadership style—and the primary criterion variable—influence on performance—is shown in Table 4(b). With a p-value of.000, the statistical analysis shows that the result is extremely significant. Furthermore, the R-squared value of.523 shows that 52.3% of the variability in the dataset can be explained by the model.

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Table – 5 (a): ANOVA for Transactional Leadership

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	395.473	1	395.473	36.273	.000[b]
	Residual	1034.532	73	14.172		
	Total	1430.005	74			

a. DV: Impact on Employee Performance
b. Predictors: Transactional Leadership

The results of the analysis of variance (ANOVA) test, which shows the overall importance of the findings, are shown in Table 5(a). The model's p-value, as determined by statistical analysis, is 0.000, which is less than the accepted significance level of 0.05. This suggests a strong correlation between transactional leadership and how well people perform in Zanzibar's private sector.

Table – 5 (b): ANOVA for Transformational Leadership

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	401.452	1	401.452	36.658	.000[b]
	Residual	1030.175	73	14.112		
	Total	1431.627	74			

a. DV: Impact on Employee Performance
b. Predictors: Transformational Leadership

Table 5(b) displays the outcomes of the ANOVA test, which provides an assessment of the overall importance of the findings. The p-value for the model is 0.000, indicating statistical significance. This suggests a substantial association between transformational leadership and its effect on the performance of employees in the private sector of Zanzibar.

VII. MANAGERIAL IMPLICATIONS

The progress of an organization is enhanced when its leadership approach effectively aligns with the organizational goals and objectives. The leadership style employed by a firm has a direct influence on its capacity to effectively address the needs and expectations of its employees at various hierarchical levels and within different functional areas. In order to enhance individuals' performance and foster their success, it is imperative to provide them with an environment that is conducive to productive work. The relevance of studying leadership types extends across various industries and organizations of diverse kind for multiple reasons. One plausible argument posits that the leadership style used by the organization is optimally suited for the specific industry within which it operates. Leadership styles are subject to varying degrees of value and can manifest in diverse forms. The diversity of leadership styles is contingent upon the specific characteristics of an organization, encompassing its inherent nature, cultural attributes, and structural framework. Values, perspectives, cultural norms, and organizational structure are key factors that determine the necessity of an organization and also delineate the appropriate leadership style that can enhance employee performance, ultimately contributing to the achievement of organizational goals. There exist numerous justifications for the significance and pertinence of the present investigation. The private sector plays a crucial role in the functioning of any economy, and the discoveries made in this study carry significant implications for the strategic decision-making of private sector executives. Hence, the significance of the style of leadership within a certain environment is substantiated by the outcomes of this research. Insufficient scholarly investigation has been conducted on the topic of leadership within the specific setting of Zanzibar. Consequently, this study aims to address this research gap and contribute to the extant academic discourse on leadership within the region. The study technique will shed light on the enhancement of leadership style and its associated features, including personnel attitude, achievement rate, and subjective matters.

VIII. CONCLUSION

The study talked about the roles of transactional leadership and transformational leadership, which have been shown to have a strong connection with the productivity of employees in private institutions. As a result, it was decided that focusing on these types of management in the private sector can be very helpful. The suggested hypotheses are both true. These suggestions are based on what the study found and are meant to help with the future. Assuring that the employee will be trained and developed in the leading style used in the company. This will assist the worker see things from the boss's point of view without them knowing, and it would get them ready for the greater context and the bigger work. Based on the results of this study, the focus should be on promoting transactional leadership. In this way, employees have a say in how decisions are made and are more likely to participate, which motivates them to do the work they are given.

Transformational leadership programmes should be put in place in the company. This will help employees be creative and come up with new ideas in their own unique ways. Leadership that changes things for the better not only helps the company reach its goals, but it also helps employees move towards their own job goals. Also, seminars should be held on how important leadership is and how it affects the work of workers and the organization as a whole. This would help both workers and leaders understand each other better, which would close the disparity between them and help them come to an agreement.

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