Transactional Leadership Style and Employee Intention to Stay in Insurance Companies in Port Harcourt, Rivers State

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ABSTRACT
This study examined the relationship between transactional leadership and employee intention to stay in insurance companies in Port Harcourt. The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through structured, self- administered questionnaire. The population was 156 employees of the ten insurance companies in Port Harcourt. The study sample was 112 was calculated using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation Coefficient. The tests were carried out at a 95% confidence interval and a 0.05 level of significance. Empirical findings revealed that there is a positive and significant relationship between transactional leadership and employee intention to stay in insurance companies in Port Harcourt. The study concludes that transactional leadership significantly influences employee intention to stay in insurance companies in Port Harcourt. The study recommends that management of insurance companies should motivate and influencing subordinates by exchanging reward with a particular performance. A subordinate promised to be given rewards when he/she is able to complete their duties in accordance with agreements would put in more effort and is encouraged to work.
Keywords: Transactional leadership, Employee Intention to Stay Performance, Transformational Leadership

INTRODUCTION
Organizations spend a lot on their workforces in terms of training and development. Therefore, administrators attempt reduction of employee turnover. Therefore, there is need to change occupied understanding of the employee turnover, more especially, the sources what defines employee turnover, effects and policies that superiors can put in place decrease turnover. With globalization which is cumulative competition, organizations must carry on to develop physical goods and offer services which are constructed on approaches formed by employees. These employees are particularly essential to the organisation since their value to the organization is basically intangible and not easily pretend Johnsrud & Rosser (2002).
Employee intention to stay has been a major discussed in the field of management and requires urgent attention on how best to make talented employees to remain as employees in a given organization. The super-ordinate goal of every business is to render service and make profit which the hospitality industry is no exception. This goal cannot be successfully achieved without the contributions and support of qualified talented employees. Without employees, organizations will not be able to produce business results, achieve organization goals, or meet its financial objectives (Johanim, Tan, Zurina, Khulida,

&Mohamad, (2012). Thus, employee intention to stay or remain with an organization is very significant for the progress and success of the organization. From modern human resource perspective, human capital is the most valuable assets for the organizations (Mello, 2011; Honore, 2009). The managers need to recognize the value of their employees by encouraging them to remain for their resource talent to be used, and also discourage them from looking elsewhere for better opportunities. This cannot be argued as a result of other resource no matter their significance depends on the knowledge of employee in a very extent. The differences in individual features such as personality and managing style are the most important causes in expecting whether definite job conditions will outcome in stress or not. In other words, what is stressful to one person may not be stressful to someone else hence the need to understand the construct leadership styles.

In society today, thousands of individuals are appointed or elected to shoulder the role and responsibilities of leadership. Leadership is practiced in schools and colleges, factories and farms, business enterprises, dispensaries and hospitals, in the civil and military organizations of a country and public life, at all levels, in short in every walk of life. These leaders should promote unity, harmony, strength, prosperity and happiness in society.

The challenges of coping with today's uncertain business environment have put many organizations on their toes to struggle for survival in the heat of competition. The driver of such strategic move towards surviving the competition is the leadership provided by managers who are expected to influence others in achieving organizational goals and also boost employee's performance. Shafie, Baghersalimi, and Barghi (2013) explains the importance of leadership in organizations and especially on human beings who are apparently the biggest asset of any firm; "The main drivers of organizations are usually employees, they give life to the organizations and provide goals" (Shafie, Baghersalimi,&Barghi, 2013). It is very paramount to provide workers with direction and psychological satisfaction to get the best from them, this direction can only come from leaders. In fact, leadership is very critical for all organizations in realizing their set objectives. Since leadership is a key factor for improving the performance of many if not all organizations and the success or failure of an organization depends on the effectiveness of leadership at all levels. Paracha, Qamar, Mirza, Hassan &Waqas (2012) is in support of this "Leaders play essential role in accomplishment of goals and boost employee's performance by satisfying them with their jobs" (p.55) Leadership is perhaps the most thoroughly investigated organizational variable that has a potential impact on employee performance (Cummings and Schwab, 1973). "It is a vital issue in every organization primarily because the decisions made by the leaders could lead to success or business failure". Notably, it has been widely accepted that effective organizations require effective leadership and that employee performance together with organizational performance will suffer in direct proportion to the neglect of this, Fiedler and House (1988). Furthermore, it is generally accepted that the effectiveness of any set of people is largely dependent on the quality of its leadership – effective leader behavior facilitates the attainment of the follower's desires, which then results in effective performance (Fiedler & House, 1988; Maritz, 1995).

Generally speaking, leadership is ideal in the tenets of every existing society or organization. This is because leadership is important to human society. A society or an organization without leadership is like sheep without a shepherd and there is bound to be confusion, disorderliness, lawlessness and nothing positive can be achieved. The history of leadership is as old as that of creation. Leadership occupies a very unique position in every society, organization or community. In a society or organization where there is poor leadership, there is bound to be confusion, disorderliness and lawlessness (Danbaba, 2016).

The role of leadership in an organization is essential in terms of fashioning a vision, mission, fortitude and creation of objectives, crafting plan of actions, guidelines, and procedures to attain the organizational purposes successfully and competently along with guiding and harmonizing all organizational activities (Xu& Wang, 2008). Leadership styles have been acknowledged to be very essential to the accomplishment of the mission and vision along with muddling through with the alterations caused by the impact of external environment (Harris, *et al*., 2007). Over time, many firms have faced re-occurring challenges associated with unprincipled practices, high labor turnover, low employee commitment and

poor performance. These usually manifest due to the lack of effective leadership. The main objectives of many organizations are to realize its established objectives; hence, there is an urgent need to enthrone effective leadership in a bid to coordinate and stir the employees (Vigoda-Gadot, 2012).

Their findings revealed that organizational culture and organizational commitment, organization person fit has an impact on turnover intention in fast food Industry. This study departs from previous studies as it seeks to examine the relationship between transactional leadership style and employee intention to stay in insurance companies in Port Harcourt.

The following research questions guided the research work:

i. What is the relationship between transactional leadership style and working environment conditions in insurance companies in Port Harcourt?
ii. What is the relationship between transactional leadership style and compensation packages in insurance companies in Port Harcourt?
iii. What is the relationship between transactional leadership style and compensation packages in insurance companies in Port Harcourt?

Conceptual Framework

Figure 1.1: Conceptual Framework for Transactional Leadership Styles and Employee Intention to Stay
Source: Researcher's conceptualization (2019)

LITERATURE REVIEW
Theoretical Foundation
Situational and Contingency Theory
Contingency theory is an approach to leadership in which leadership effectiveness is determined by the interaction between the leader's personal characteristics and aspects of the situation. Contingency theories are based on the assumption that the relationship between leadership style and organizational outcomes is moderated by situational factors related to the environment, and therefore the outcomes cannot be predicted by leadership style, unless the situational variables are known (Cheng and Chan, 2002).

Transformational and Transactional Theory
Over the past twenty five years, a large body of research has emerged around transformational – transactional leadership theory. Transactional theories focus on the role of supervision, organization and group performance and they base leadership on a system of rewards and punishments for meeting particular objectives. The type of transaction, whether a reward or discipline, depends on the performance of the employee. Bass (1985) as cited by Chan (2005) theorized the transactional leaders appeal to the subordinates' self-interests.

Transactional Leadership

Transactional leadership: is a leadership style that emphasizes to transactions between leaders and subordinates. Bass and Avolio (2003) suggest that characteristics of transactional leadership consist of two aspects, namely contingent reward and exception management. Contingent reward is where leaders make agreement about what must subordinate do and promising reward obtained when goal is achieved. While exception management is leader monitor deviations from established standards and take corrective action to achieve organizational goals. Yulk (2007) asserts that transactional leadership style is one leadership style that emphasizes on transaction between leaders and subordinates.

Employee Intention to Stay

Intention to stay is defined as employees' intention to stay in the present employment relationship with their current employer on long term basis (Johanim 2012; Muhammad and Umar 2012). On the other hand, turnover intention refers to as when individual thinks, plan and wish to leave the job (Mobley, Griffeth, Hand, and Meglino, (1979). However, Fishbein and Ajzen (1975) in Ghazali (2010) described the definition of intention in detail where they refer to an intention approach as "a theory of reasoned action". According to this theory, a person's intention is a function of two basic determinants: one personal in nature and the other reflecting social influence (Ghazali, 2010). In terms of personal factor, it is the individual's positive and negative evaluation of performing the behaviour which can be termed as attitude towards the behavior and it also refers to the person"s action to exhibit good or bad behavior (Ghazali, 2010). The second determinant of the intention is a personal perception of the social pressure to perform or not perform the behaviour in question (Ghazali, 2010).

Work Environment Conditions

Hackman and Oldhmas (1980), highlights the constructs of Quality Work Life in relation to the interaction between work environment and personal needs. The work environment that is able to fulfill employees' needs is considered to provide a positive interaction effect which will lead to an excellent Quality Work Life. They emphasized that personal needs are satisfied when rewards from the organization such as rewards or compensation promotion, recognition and development meet their expectation. Yesufu (1984) asserts that the nature of physical condition under which an employee works is important to output. Office and factories that are too hot and ill ventilated are debilitating to effort. There should be enough supply of good protective clothing, drinking water, rest rooms, toilets and first aid facilities. Both management and employees should be safety conscious at all times Adamu (1991) defines a conducive environment to that which is safe and healthy with no hazards and no undue risk. The work environment should create an opportunity to use talents effectively to acquire new skills and knowledge for advancement. Employees at all levels must have occasions to develop their capabilities through problem solving and planning. In addition the social climate of the organization should be free from prejudice and rigid classifications. The job should not take excess time and energy from other aspects of life. Asakura and Fujigaki (1993) examined the direct and the indirect effect of computerization on workers' health and well-being. Their results were similar to the study of Kaprine (2003) that higher job demand leads to higher strain work environment hence affecting employees' health and well-being more. An unstrained work environment ensures good health and psychological conditions which enable the employees to perform job and non-work related functions without inhibitions, thus providing comfortable work life.

Compensation Package

Compensation is defined as the cumulative financial and non-financial rewards payable to employees in return for their services (Mondy and Noe, 2005). The financial and non-financial rewards are usually based on the value of job, level of personal contributions, efforts and performance (Milkovich and Newman, 2005). At the organizational level, compensation is critical in attracting, retaining and motivating the employees to continue contributing towards organization's success (Philips and Fox, 2003). The reason being that compensation is important to influence individuals' choice to work with an organization. Many organizations not only use the compensation system to reward and recognize employees' efforts and contributions, but also as a motivation tool (Chiu, Luk and Tang, 2002) to

improve employees' productivity through improving job performance, impeding the intention to leave and increasing career satisfaction.

Compensation systems have traditionally been designed to attract and retain employees and to motivate them to increase their effort and outputs toward the achievement of organizational goals (Bergmann and Scarpello, 2001). Compensation is also considered as one of the most significant costs to operating a business. Most importantly, compensation does not only influence hiring and retention decisions but it is also an important tool to align employees' interest with organizational goals by designing and providing rewards for meeting specific goals assigned to them. Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks, with a desired outcome of an employee who is attracted to the work, satisfied, and motivated to do a good job for the employer (Ivancevich, 2004). A double input-output exchange between an employee and an employer (Belcher, 1997). According to the American Compensation Association's (1995) definition, "compensation is the cash and non-cash remuneration provided by an employer for services rendered (ACA). It could be financial rewards which refer to any monetary rewards that go above and beyond basic pay. These rewards are separate and not added into basic salary. Examples of these include financial incentives, bonuses, and recognition.

Relationship between Transactional Leadership Style and Employee Intention to Stay

Managers need to be socially intelligent about the benefits of induction and training. Because when induction process is completed, the employees are likely to be effective in their various jobs and this in effect will have a positive influence on the organizational success. Induction is followed by continuous training which can either be on-the-job or off-the-job training. On-the-job training occurs when employees' are trained while they are on their jobs in the organization; while off-the-job training refers to when they are taken outside their organization for seminars, conferences, and workshops that will develop their skills and abilities to be efficient and effective. These will have a positive remark in the lives of the employees" and thus; they will not think of quitting their present jobs to look for another elsewhere but remain with their organization.A manager having trained his employees needs to reward them with monetary and non-monetary materials. An increased in salary for achievement will increase employee attachment to the organization.

The foregoing argument gave rise to the following hypotheses

Ho$_1$: There is no significant relationship between transactional leadership style and working environment conditions in insurance companies

Ho$_2$: There is no significant relationship between transactional leadership style and compensation packages in insurance companies.

Ho$_3$: There is no significant relationship between transformational leadership style and working environment conditions in insurance companies

METHODOLOGY

The study adopted a cross-sectional survey in its investigation of the variables. Primary data was generated through structured, self- administered questionnaire. The population was 156 employees of the ten insurance companies in Port Harcourt. The study sample was 112 was calculated using the Taro Yamane's formula for sample size determination. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation Coefficient. The tests were carried out at a 95% confidence interval and a 0.05 level of significance.

DATA ANALYSIS AND RESULTS
Table 4.12 Correlation Matrix for Transactional Leadership Style and Employees' Intention to Stay

		Transactional Leadership Style	Working environment conditions	Compensation Packages
Transactional Leadership Style	Pearson Correlation	1	$.784^{**}$	$.879^{**}$
	Sig. (2-tailed)		.000	.000
	N	86	86	86
Working environment conditions	Pearson Correlation	$.784^{**}$	1	$.752^{**}$
	Sig. (2-tailed)	.000		.000
	N	86	86	86
Compensation Packages	Pearson Correlation	$.879^{**}$	$.752^{**}$	1
	Sig. (2-tailed)	.000	.000	
	N	86	86	86

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2019 and SPSS output version 23.0

Table 1 illustrates the test for the two previously postulated bivariate hypothetical statements.

Ho₁: There is no significant relationship between transactional leadership style and working environment conditions of insurance companies in Port Harcourt.

The correlation coefficient (r) shows that there is a significant and positive relationship between transactional leadership style and working environment conditions of insurance companies in Port Harcourt. The *rho* value 0.784 indicates this relationship and it is significant at p 0.000<0.05. The correlation coefficient represents an average correlation indicating a strong relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between transactional leadership style and working environment conditions of insurance companies in Port Harcourt.

Ho₂: There is no significant relationship between transactional leadership style and compensation packages of insurance companies in Port Harcourt.

The correlation coefficient (r) shows that there is a significant and positive relationship between transactional leadership style and compensation packages of insurance companies in Port Harcourt. The *rho* value 0.879 indicates this relationship and it is significant at p 0.000<0.05. The correlation coefficient represents an average correlation indicating a moderate relationship. Therefore, based on empirical findings the null hypothesis earlier stated is hereby rejected and the alternate upheld. Thus, there is a significant relationship between transactional leadership style and compensation packages of insurance companies in Port Harcourt.

DISCUSSION OF FINDINGS
The findings revealed that a significant relationship exists between transactional leadership style and employee intention to stay in Port Harcourt using the Pearson's Product Moment Correlation Coefficient (PPMCC) and at a 95% confidence interval. The findings of this study confirmed that leadership styles have an effect on employees' intention to stay in insurance companies in Port Harcourt. It implies that it is in the interest of shareholders as well as management of deposit money banks to evolve l transactional

leadership style that would promote the interest employees have to stay in their organization. This would bring about reduction in the rate of employee turnover, increased commitment which would lead to profitability, growth in market share as well as increase in competitive advantage.

The finding reinforces previous studies like Bass and Avolio (2003) who suggested that characteristics of transactional leadership consist of two aspects, namely contingent reward and exception management. Contingent reward is where leaders make agreement about what must subordinate do and promising reward obtained when goal is achieved. While exception management is leader monitor deviations from established standards and take corrective action to achieve organizational goals. According to Bass and Avolio, (2004) transformational leadership is the leader's ability to motivate followers to rise above their own personal goals for the greater good of the organization. In the view of Bass (2007), transformational style of leadership comes from deeply held personal values which cannot be negotiated and appeals to the subordinates' sense ofmoral obligation and values (Chan & Suk-Hing, 2005). Transformational leaders go beyond transactional leadership and are characterized as visionary, articulate, assured, and able to engender confidence in others so as to motivate them to surpass their usual performance goals (Schwarzwald *et al,* 2001).Chan, (2005) opined that transformational leaders attempt to stimulate the undeveloped or dormant needs of their subordinates. Bass declared there were four types of transformational leadership behavior, namely idealized influence (charisma), inspirational motivation, individualized consideration, and intellectual stimulation (Bennett, 2009).

CONCLUSION AND RECOMMENDATIONS

Due to the changing environment of business many firms in the service industry have moved from the idea of retaining employees by motivation as well as other traditional means. Managers are adopting styles of leadership that would encourage employees to stay on in an organization. It is becoming a well known fact that good leadership inspires followership and this can be of great advantage to organizations. Employees would go to any length in the event that d particular performance is accompanied by particular reward and would follow any leader who is visionary, articulate, assured, and able to engender confidence in others. Therefore, this study concludes that there is transactional leadership style significantly influences employee intention to stay of insurance companies in Port Harcourt.

Based on the discussion and conclusion above, the study recommends that management of insurance companies should motivate and influencing subordinates by exchanging reward with a particular performance. A subordinate promised to be given rewards when he/she is able to complete their duties in accordance with agreements would put in more effort and is encouraged to work.

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