



INVESTIGATING THE EFFICACY OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLES ON PRIVATE SCHOOLS GROWTH IN THE GREATER ACCRA REGION OF GHANA

David Baba Sempah*, Stephen Adei** & John Andoh Micah***

Institute of Development and Technology Management P.O Box AD 494, Adisadel, Cape Coast, Ghana

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Abstract:

Empirical evidence suggests that leadership styles (transformational and transactional) is positively correlated with Private Schools growth. Globally, despite previous attempt, the evidence regarding the effect of transformational and transactional leadership styles on growth of Private Schools remains inadequate as well as unpredictable. The purpose of this study was to investigate the dominant leadership style of owner-managers of Private Schools in the Greater Accra Region of Ghana. The Full range leadership model of Avolio, Bass and Burns provided the theoretical basis for the study. The data obtained were processed using the computer software; Statistical Product and Service Solution (SPSS 17.0 version). Data were collected from the owner managers and employees and responses were coded and classified according to patterns and emerging themes and all hypothesized causal paths were analyzed using Partial Least Squares (PLS) approach to Structural Equation Modelling (SEM). Results indicated that transformational leadership style and transactional leadership style separately influenced Private Schools growth positively with transformational leadership style emerging the better predictor of Private School growth. Owner managers are both transformational and transactional in their leadership style with transformational leadership style being the dominant leadership style. Leaders in Private Schools who apply these findings and adopt the Augmentation model may influence subordinates to work to achieve the desired organisational growth.

Key Words: Leadership Styles, Growth

Introduction:

Private Schools play a pivotal role in the global economy, contributing significantly to job creation, economic growth, and the overall gross domestic product (Family Firm Institute. 2017). This study aims to explore the dynamics of Private Schools, specifically focusing on family private schools, to understand their unique characteristics and the leadership styles that impact their growth. Despite the acknowledgment of leadership's pivotal role, the existing literature lacks a well-defined framework for understanding the factors influencing Private Schools growth, especially in transitional economies. The study identifies a gap in the understanding of how Western leadership theories, such as transformational and transactional styles, apply in transitional economies, where such styles have received less attention within the private educational sector. The ambiguity surrounding the dominant leadership style in transitional economies adds further complexity.

This research aims to fill the identified gap by examining the application of the Full Range Leadership Theory, encompassing transformational and transactional styles, in the context of Private Schools growth within transitional economies. By understanding the nuances of leadership styles and their impact on Private Schools performance, the study seeks to provide valuable insights for both academia and practitioners. Ultimately, the findings aim to contribute to a more nuanced understanding of leadership dynamics in Private Schools, fostering informed decision-making for sustainable growth.

Review of Literature:

Leadership style can be described as the behaviour of a leader that shows the ability to impact the employee's behaviour in achieving goals. Barling (2017) referred to leadership styles as the way in which managers typically behave towards members of a group. Two major styles of organisational leadership have been identified in the literature, which also influence a firm's growth (Northouse, 2007). These are Transformational and Transactional leadership styles. The current study focuses on these two styles of leadership. Transformational leadership has been shown to be related to organizational growth and leader effectiveness (Family Firm Institute. 2017). Transformational leadership has been shown to be positively related to the following subordinate outcomes: intrinsic motivation, self-efficacy, creativity, justice perceptions, work engagement, job performance, and positive psychological capital which serve as growth enablers in Family businesses (Acquaah, M. (2011). In addition, Dvir, Eden, Avolio and Shamir (2002) are able to show that followers achieved better results under transformational leaders than other types of leadership styles after measuring the effect of transformational leadership. A positive and moderate

correlation was also found between transformational leadership and the job satisfaction Dang, L., and Dang, A. (2020). Mensah, I., and Abor, J. Y. (2019) agrees with Dang, L., and Dang, A and proves that transformational leadership positively influenced job satisfaction.

Following the analysis of the relationship between leadership and physical distance unit performance, Howell, Neufeld and Avolio (2005) find that transformational leadership positively predicted growth. Transformational leadership was positively linked to organizational growth (Adomako et al., 2017) and the chief executive officers hold a vital role in the firm's success. Mortezaei, al (2019) tested the relationship between transformational leadership and growth of SMEs in Malaysia and found that there was a significant positive relationship between transformational leadership and growth.

Research has mixed results on the relationship between transactional leadership and firm growth. For instance, Owusu-Frimpong, N., & Acheampong, G. (2021) found that transactional leadership did not have a significant relationship with growth. On the other hand, Dang, L., & Dang, A. (2020) found a slightly positive relationship between transactional leadership and growth in his study of Taiwanese institutions. There are a couple of potential reasons for the discrepancies in the previously mentioned research. One potential reason is that in the Morris study, they had organizational control systems as a separate variable from transactional leadership. Transactional leadership might have had a positive relationship had the control aspect been part of the leadership variable, instead of being a separate measure. The other is that the Yang study focused on for-profit business, while the Morris study looked at non-profits, and there might be a difference between the two types of organizations. Given the discrepancies between previous researches, it is well worth exploring in a different situation.

In a related development, Owusu-Frimpong, N., and Acheampong, G. (2021) finds that transactional leadership is the elementary factor to organisational growth at both team and individual level and that transactional leadership behavior has vital relation with group and individual performance factors. Furthermore, Mortezaei, al (2019) tested the relationship between transactional leadership and growth of SMEs in Malaysia and found that, there was a significant positive relationship between transactional leadership and growth. Similarly, contingent reward behaviors are also positively related to various subordinate outcomes such as extra effort, organizational commitment, and managerial satisfaction and effectiveness (Tuffour et al, 2015). However, MBE- Active typically has a negative relationship with the aforementioned outcomes (Addae-Boatenget, al 2015).

According to Adomako et al., (2017), previous studies on leadership have identified different types of leadership styles which leaders adopt in managing organizations. Obiwuru Timothy C.; Okwu, Andy T.; Akpa, Victoria O. and Nwankwere, Idowu A. (2011) investigated the effects of leadership style on organizational performance in small-scale enterprises. Consequently, Obiwuruet, al (2011) concluded that in the small-scale enterprises, while transactional leadership style has significant positive effect on growth, the effect of transformational leadership style on growth is insignificant.

In a related development, Awolusi Olawumi Dele, Onikoyi Idris Adegboyega, Akindele Kayode Taiwo (2015) examined the effect of leadership style on organizational performance of banks in Ado Ekiti, Nigeria. Awolusi D.O et al (2015) findings show a positive relationship between the two leadership styles (transactional transformational) and organisational performance. This type of relationship is known as the "augmentation effect". Augmentation effect can be defined as the extent to which leadership styles that are based on transformational leadership contribute to increased effort and performance among followers by building on the transactional base (Mgeni, 2015). It is commonly acknowledged that transactional and transformational leadership are not mutually exclusive. Good leaders, according to Mensah and Abor (2019), know how to transition between transformational and transactional leadership styles depending on the situation (e.g., the environment, strategy). Both leadership styles can be used by effective leaders to increase their impact. Furthermore, augmentation effect implies that transformational leadership boosts transactional leadership's power, these have been shown in both educational and non-educational environments (Umme and Liu, 2015). From the discussion, we propose the following hypotheses:

H₁: Transformational leadership style will be positively related to private school growth.

H₂: Transactional leadership style will be positively related to private school growth.

H₃: The relationship between transformational leadership style and private school growth will be stronger than the relationship between transactional leadership style and private school growth.

Data Types, Sources and Processing:

Data for this study was collected from both primary and secondary sources. Primary data was collected from owner-managers of family business through the use of instruments such as questionnaire and interview guide. The secondary sources of data collection involved the review of secondary materials in the form of project appraisal reports, minutes of the board and annual reports as well as BECE results from WAEC. Both probability and non-probability sampling was utilised in this study. Data were processed using SmartLPS3 software.

Results of Partial Least Squares (PLS) Analysis:

The main objective of this study was to investigate the dominant leadership style of owner-managers of Private Schools in the Greater Accra Region of Ghana.

**Transformational and Transactional Leadership:
Hypothesis 1, 2 and 3:**

Table 1: Measurement Results for Hypothesis 1, 2 and 3

Latent Variable	Indicators	Loadings	Indicator Reliability	Cronbach Alpha	Composite Reliability	AVE
Transformational	A7	0.754		0.860	0.890	0.502
	A8	0.732				
	A9	0.730				
	A10	0.649				
	A11	0.694				
	A13	0.740				
	A14	0.690				
	A15	0.673				
Transactional	A16	0.706		0.697	0.815	0.524
	A17	0.768				
	A18	0.729				
	A19	0.691				
School growth	C4	0.731		0.704	0.815	0.524
	C5	0.715				
	C6	0.745				
	C9	0.702				

Table 1 shows high factor loadings of 0.690 to 0.764 which points to the fact that all the items here are significant in measuring the variables. However, A1-A6, C1-C3, C7, C8 and C10 were deleted earlier because they did not meet the required factor loadings. The composite reliabilities of (890, 815 and 815) for transactional leadership, transformational leadership and business growth shows how well all the constructs indicators jointly measure transactional leadership, transformational leadership and business growth effectively. The cronbach alpha which also quantifies how well a set of indicators measure a uni-dimensional construct was also computed with an alpha coefficient of (0.995) for transactional leadership, transformational leadership and business growth respectively indicating high internal consistency for the items measuring the variables. The convergent validity was again tested to ascertain the degree to which items measuring the variables are really in agreement. The AVE values of 0.502, 524 and 524 was achieved for transactional leadership, transformational leadership and school growth respectively which is higher than the threshold value of 0.5 and therefore the use of the variables is justified in this particular study.

Table 2: Fonnell-Lacker Criterion for Measuring Discriminant Validity

Variable	School Growth	Transactional Leadership	Transformational Leadership
Business Growth	0.724		
Transactional Leadership	0.531	0.724	
Transformational Leadership	0.595	0.581	0.709

Note: Diagonal elements in bold = square root of AVE; Off-diagonal elements = correlation between constructs.

The second option for verifying discriminant validity is to examine the cross loadings of the indicators. It is recommended that the indicators' loadings on their assigned constructs should be in an order of magnitude larger than their loading on the other constructs (Hair et al, 2019). Appendix A Shows that the cross loadings of the indicators meet the criteria). Thus, it can be concluded that the latent variables have discriminant validity.

Table 3: Collinearity Results for Hypothesis 1, 2 and 3

Variable	Collinearity Statistics	
	Tolerance	VIF
Transactional Leadership	0.663	1.509
Transformational Leadership	0.658	1.519

Dependent variable: School Growth

Table 4: Structural model results for Hypothesis 1, 2 and 3

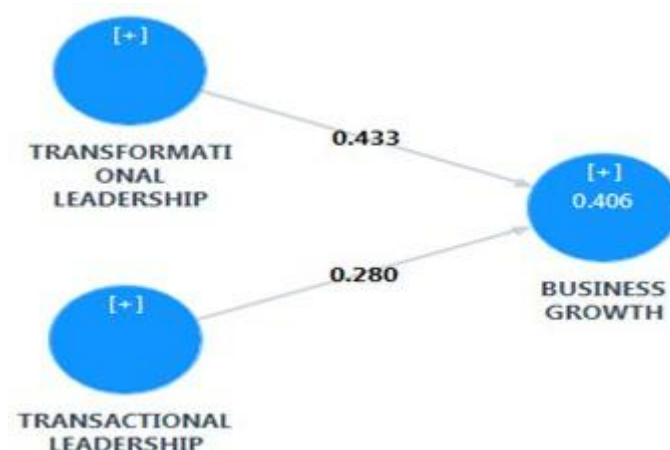
	Hypotheses	Path Coefficient	T Statistics	P Values	q ² Effect size	f ² Effect size
TRC-BG	H ₃	0.280	3.327	0.001	0.16	0.087
TRF-BG	H ₄	0.433	5.176	0.000	0.081	0.209

R² (BG) = 0.406

Q² (BG) = 0.184

Note: NS= Not Significant

* $p < .10$. ** $p < .05$. *** $p < .01$



Transformational Leadership, Transactional Leadership and Private School Growth:

H₁ Owner-Manager Transformational Leadership Style Will Be Positively Related to Private School Growth:

Analysis of the data proved that there is a positive relationship between owner-manager transformational leadership style and private school growth ($\beta = 0.433$, $p = 0.000$). The beta coefficient was in the direction as hypothesized; hence the hypothesis that "There will be a significantly positive relationship between Owner-manager transformational leadership style and private school growth." was supported. This support the fact that for family firms to grow; leadership would not only focus on targeting the business objectives but also emphasize on talking optimistically and enthusiastically to employees about the future and what needs to be accomplished, suggests new ways of looking at how to complete assignments, as well as seeking differing perspectives when solving problems. The results provide empirical validation for the propositions of (Owusu-Frimpong and Acheampong, 2021; Roslan and Rosli, 2012) that transformational leadership was positively linked to organisational growth.

H₂ Owner-Manager Transactional Leadership Style Will Be Positively Related to Private School Growth:

Analysis of the data proved that there is a positive relationship between owner-manager transactional leadership style and school growth ($\beta = 0.280$, $p = 0.001$). The beta coefficient was in the direction as hypothesised; hence the hypothesis that "There will be a significantly positive relationship between owner-manager transactional leadership style and business growth." was supported. The implication is that for a family business (private school) to achieve their growth objectives, leadership must link job performance to valued rewards and also ensure that employees have the resources needed to get the job done, thus resulting in the firms growth (Owusu-Frimpong, N., & Acheampong, G. 2021). Transactional leaders focus on the present and are good at keeping organizations running smoothly and effectively. The findings of this study reinforce the results from earlier studies that there was a significant positive relationship between transactional leadership and growth (Owusu-Frimpong, N., & Acheampong, G. 2021).

H₃ The Relationship Between Transformational Leadership Style and Private School Growth Will Be Stronger than the Relationship Between Transactional Leadership Style and Private School Growth:

Analysis of the data proved that the relationship between transformational leadership style and firm growth ($\beta = 0.433$, $p = 0.000$: Table 2: Figure 1) is stronger than the relationship between owner-manager transactional leadership style and business growth ($\beta = 0.280$, $p = 0.001$: Table 3: Figure 1). The hypothesis that "The relationship between transformational leadership style and firm growth will be stronger than the relationship between transactional leadership style and firm growth." was accepted. Transformational leadership style and transactional leadership style separately influenced family business growth positively with transformational leadership style emerging the better predictor of firm growth. These findings are compatible with one of the fundamental propositions of the Full range leadership theory known as "the augmentation effect", which asserts that transformational leadership adds to the effect of transactional leadership (Avolio & Bass, 2003).

Summary and Conclusions:

The research presents important issues regarding the interaction between transformational leadership style, transactional leadership style and the growth of private schools in Ghana. Transformational leadership style and transactional leadership style separately influenced private schools' growth positively. It can be concluded therefore that, owner-managers of private schools are both transformational and transactional in their leadership style. However, the dominant leadership style utilized by owner managers of private schools in the Greater Accra region was transformational leadership style.

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