

Title

ASSESSING THE EFFECT OF TRANSACTIONAL LEADERSHIP ON ORGANIZATIONAL PERFORMANCE. A CASE STUDY OF ALLIANCE ONE TOBACCO MALAWI LIMITED

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ABSTRACT

This study aimed to assess the effect of transactional leadership on organizational performance, using Alliance One Tobacco Malawi Limited as a case study. Transactional leadership emphasizes structured roles, clear expectations, rewards, and penalties to influence employee behavior and performance. While this leadership style is widely applied in many organizations, concerns remain regarding its long-term impact on employee motivation and overall organizational performance.

The study adopted a quantitative research design, using structured questionnaires to collect data from a sample of 35 employees at Alliance One Tobacco Malawi Limited. Data were analyzed using the Statistical Package for the Social Sciences (SPSS), employing descriptive statistics and a Chi-square test of independence to examine the relationship between transactional leadership and organizational performance.

The findings revealed that employees generally responded positively to transactional leadership practices such as recognition, rewards, and clear goal setting. However, the Chi-square analysis showed no statistically significant relationship between transactional leadership and organizational performance. The study also found that excessive reliance on external rewards could weaken intrinsic motivation and long-term employee commitment.

The study concluded that while transactional leadership may motivate employees at an individual level, it does not necessarily lead to significant improvements in organizational performance. The study recommends that organizations adopt a balanced leadership approach by combining transactional leadership with strategies that enhance intrinsic motivation to achieve sustainable performance.

KEYWORDS: Transactional Leadership,

Organizational Performance, Motivation, Rewards, Alliance One Tobacco Malawi Limited

INTRODUCTION

Transactional leadership was a leadership style in which leaders motivated employees through a structured system of rewards and punishments aimed at achieving specific and measurable performance goals. This approach was based on the expectation that employees would meet clearly defined standards, upon which they were either rewarded for success or faced consequences for failing to meet those expectations. The style ensured that employees were not left to work based solely on self-motivation; instead, it provided structure, supervision, and clear instructions necessary for effective job performance (*Bass, 1985; Northouse, 2021*). Transactional leadership focused on achieving organizational objectives through formal exchanges between leaders and followers, consistent with *Burns' (1978)* foundational explanation of the transactional leader-member relationship. The importance of transactional leadership was also reflected in its effectiveness during crises and routine operational tasks. Teams were able to respond quickly to immediate problems and maintained steady progress on predictable, repetitive activities due to the close supervision, accountability mechanisms, and performance monitoring associated with this leadership style. In many organizations, transactional leadership contributed to improved employee performance and engagement because leaders provided continuous guidance and regular performance feedback, which supported employees in meeting set expectations (*Avolio & Bass, 2004*).

BACKGROUND OF STUDY

Transactional leadership was founded on the use of rewards and penalties to encourage

employees to achieve predetermined objectives and performance standards. It was characterized by an exchange relationship between leaders and followers in which compliance was obtained through structured incentives. The approach emphasized order, clarity, and hierarchical levels within organizations, combining elements of both autocratic and democratic management styles (Northouse, 2021). The theoretical roots of transactional leadership were traced back to Max Weber's concept of legal-rational authority, introduced in 1947, which described leadership grounded in formal rules and established procedures. In the 1970s, James MacGregor Burns further expanded the idea by framing leadership as a reciprocal process involving ethically grounded exchanges between leaders and followers (Burns, 1978). Bernard Bass later advanced the theory by operationalizing transactional leadership behaviors and linking them to measurable performance outcomes, particularly through contingent reward and management-by-exception practices (Bass, 1985; Avolio & Bass, 2004). Transactional leadership typically operated at the lower levels of Maslow's hierarchy of needs, where leaders addressed employees' basic needs through contingent rewards for good performance and corrective actions for poor performance. The style was known for being pragmatic, task-oriented, and focused on maintaining existing organizational systems rather than promoting creativity or innovation (Odumeru & Ogbonna, 2013). The application of transactional leadership was evident across several industries and countries.

PROBLEM STATEMENT

Transactional leadership was recognized for its ability to provide clear structure, defined goals, and consistent expectations, which helped employees understand what was required of them and how their performance was measured. However, despite its strengths, a key gap

remained in understanding the effects of an overreliance on external motivators such as rewards and punishments on employee behavior and organizational performance. The approach depended heavily on contingent reinforcement, often overlooking intrinsic motivational factors such as personal growth, sense of responsibility, emotional engagement, and internal satisfaction. Excessive dependence on external motivators had the potential to reduce employees' interest in their work, limit creativity, and weaken long-term commitment to organizational goals (Bass, 1985; Northouse, 2021). Therefore, the present study sought to examine how an overemphasis on external motivation within transactional leadership affected organizational performance, with a specific focus on Alliance One Tobacco Malawi Limited.

RESEARCH OBJECTIVE

Main objective

The main objective of this study was to assess the effect of transactional leadership on organizational performance, using Alliance One Tobacco Malawi Limited as the case study

Specific objectives

- Examine the effects of transactional leadership on employee performance at Alliance One Tobacco Malawi Limited.
- Explore the role of extrinsic motivation and employees' responses to it within the transactional leadership style at Alliance One Tobacco Malawi Limited.
- Explore the potential effects of overreliance on external motivation at Alliance One Tobacco Malawi Limited.
- Recommend strategies for assessing how employees respond to transactional leadership, focusing on its impact on motivation and performance to ensure that external rewards do not hinder

internal motivation.

RESEARCH QUESTIONS

- How did transactional leadership influence employee performance at Alliance One Tobacco Malawi Limited?
- In what ways did extrinsic motivation under transactional leadership affect employee behavior at Alliance One Tobacco Malawi Limited?
- What were the possible effects of relying heavily on external rewards at Alliance One Tobacco Malawi Limited?

SIGNIFICANCE OF THE STUDY

This study was significant because it examined not only the impact of transactional leadership on organizational performance but also the deeper implications of relying excessively on external rewards as motivators. Alliance One Tobacco Malawi Limited provided a practical environment for exploring how transactional leadership was applied and how employees responded to it, particularly in settings where motivation was primarily driven by external factors such as bonuses, promotions, and penalties. Understanding these dynamics was important for helping the organization and others with similar operational systems develop more effective leadership approaches that enhanced motivation and performance without depending solely on short-term incentives. The study also contributed to identifying challenges and limitations associated with leadership practices that might lead to reduced employee performance or hinder organizational progress.

Furthermore, the research was relevant within the context of Malawi's rapidly expanding business landscape. As new organizations emerged, insights into how transactional leadership influenced organizational

performance were valuable for guiding leadership practices that supported sustainable growth. By examining the requirements for effective transactional leadership, the study aimed to provide practical knowledge that could assist organizations in improving workflow, enhancing motivation, and fostering long-term performance the study and offered practical recommendations based on the findings.

LITERATURE REVIEW

This chapter provided an in-depth investigation of the body of research on the subject, emphasizing the main ideas, theoretical foundations, and pertinent empirical findings. Important topics including transactional leadership, organizational behavior, and organizational citizenship behavior were defined at the beginning of the chapter. A conceptual foundation for understanding how leadership styles especially transactional leadership affect employee behavior and organizational outcomes was supplied by these definitions. To evaluate the connection between transactional leadership and organizational performance, empirical data from several studies was reviewed. The review's conclusions were differing whilst some research found a link between transactional leadership and increased productivity and task performance, others highlighted its weaknesses in promoting creativity and sustained involvement. Context-specific insights were obtained through case studies and quantitative research carried out in comparable organizational settings, confirming the usefulness of transactional leadership in industries with strict regulations.

RESEARCH DESIGN AND METHODOLOGY

According to *Creswell (2014)*, research design is the plan or proposal used to conduct research,

involving the intersection of philosophy, strategies of inquiry, and specific research methods. Similarly, *Kothari (2004)* explained that research methodology is a systematic way of solving a research problem and can be understood as the science of studying how research is conducted scientifically. This study adopted a quantitative research design, which was appropriate for examining the relationship between transactional leadership and organizational performance. Structured questionnaires served as the primary data collection instrument. Transactional leadership was measured using questionnaire items assessing aspects such as contingent reward and management-by-exception, while organizational performance was assessed using key indicators including productivity, goal achievement, and employee effectiveness. The target participants included employees and managers from Alliance One Tobacco Malawi Limited, ensuring a relevant and informed sample for the study. The data collected were analyzed using descriptive statistics to summarize the findings, and the Chi-square test of independence was employed to determine the relationship between transactional leadership and organizational performance. The Statistical Package for the Social Sciences (SPSS) was used to process and interpret the data, providing insights into how transactional leadership practices influenced organizational performance within the organization.

RESEARCH SETTING

The study was conducted at Alliance One Tobacco Malawi Limited, a leading company in Malawi's tobacco processing industry. This organization was selected as the research setting because of its structured leadership system and its significant influence on employee performance and productivity. As a corporate environment with clearly defined departments and management practices, Alliance One provided a suitable context for

examining the effect of transactional leadership on organizational performance. The setting offered access to relevant data from employees and managers who operated under various leadership dynamics. Conducting the study in this environment was expected to generate meaningful insights and ensure that the findings were applicable to real-world organizational contexts.

TARGET POPULATION

The target population for this study consisted of 355 individuals drawn from the accessible population. The study targeted the entire population, which included individuals at different levels who were directly or indirectly relevant to the subject under investigation. Both supervisory and non-supervisory participants were included to ensure a comprehensive understanding of the study variables from multiple perspectives. The population was selected based on accessibility and respondents' ability to provide relevant and reliable information required for the study. A census approach was considered in targeting the accessible population, while the actual sample size of 35 respondents was selected to provide meaningful insights.

SAMPLING TECHNIQUE

The study employed a probability sampling technique, specifically stratified sampling, to ensure fair and representative participation across different groups within Alliance One Tobacco Malawi Limited. The population was divided into distinct subgroups or strata based on relevant characteristics such as job roles, departments, or employment levels. From each stratum, participants were randomly selected to form the study sample. This method was appropriate because it ensured proportional representation of all key categories within the organization, thereby enhancing the accuracy,

balance, and generalizability of the findings. Stratified sampling minimized sampling bias and provided deeper insights into how transactional leadership affected performance across various organizational segments.

SAMPLE SIZE

From the target population of 355 respondents, a sample size of 35 respondents was selected for the study. This represented approximately 10% of the total population and was considered adequate for achieving the objectives of the study. The sample size was determined with consideration of time and resource constraints, as well as the accessibility of respondents. Selecting this proportion allowed the researcher to collect relevant and reliable data while ensuring the findings remained manageable for analysis.

RESEARCH INSTRUMENT

The primary research instrument for this study was a structured questionnaire designed to collect quantitative data from employees and managers at Alliance One Tobacco Malawi Limited. The questionnaire consisted of closed-ended items measured on a five-point Likert scale, which allowed respondents to indicate the extent to which they agreed or disagreed with specific statements. The instrument was divided into two main sections. The first section captured respondents' demographic information, including age, gender, and level of education. The second section focused on the key variables of the study, namely transactional leadership and organizational performance, with items designed to measure respondents' perceptions of leadership practices and their influence on performance within the organization.

PILOT STUDY

Prior to the main data collection, a pilot study was conducted to test the clarity, reliability, and overall effectiveness of the questionnaire. The pilot involved a small sample of approximately 10 participants from Alliance One Tobacco Malawi Limited who were not included in the final study. The pilot study helped identify unclear or confusing questions, ensured that instructions were understandable, and assessed the average time required to complete the instrument. The feedback obtained was used to make minor adjustments to improve the final questionnaire.

DATA ANALYSIS

The data collected from the questionnaires were coded and entered into the Statistical Package for the Social Sciences (SPSS) for analysis. SPSS was selected due to its effectiveness in managing quantitative data and performing statistical procedures relevant to this study. The analysis began with descriptive statistics, including frequencies, percentages, bar charts, and pie charts, to summarize respondents' demographic characteristics and their perceptions of transactional leadership and organizational performance. To facilitate further analysis, composite scores were created by computing mean values for the two main constructs: Transactional Leadership (TL_mean) and Organizational Performance (OP_mean). These composite scores were subsequently categorized into ordinal groups to allow for non-parametric analysis. To determine the relationship between transactional leadership and organizational performance, a Chi-square test of independence was conducted. This statistical test was appropriate because it examines whether a significant association exists between categorical variables. Given the relatively small sample size, Fisher's Exact Test was used where necessary to ensure the accuracy of the results. The Chi-square analysis helped establish

whether variations in transactional leadership practices were associated with differences in organizational performance at Alliance One Tobacco Malawi Limited.

ETHICAL CONSIDERATION

Ethical considerations were strictly observed throughout the research process to ensure the rights, privacy, and well-being of participants. Prior to data collection, informed consent was obtained from each participant, clearly explaining the purpose of the study, the voluntary nature of participation, and the right to withdraw at any stage without consequences. Confidentiality and anonymity were maintained, with no personal identities disclosed in the final report. All collected data were securely stored and used solely for academic purposes. Participants were not subjected to any form of harm or discomfort during the study. Additionally, ethical clearance or approval was sought from both DMI–St. John the Baptist University and Alliance One Tobacco Malawi Limited to ensure compliance with academic and professional ethical standards. Transactional leadership and organizational performance at Alliance One Tobacco Malawi Limited. The chapter described the research setting, the accessible population, and the sampling approach employed to select respondents from different departments and job levels. Data were collected using a structured questionnaire, which was subjected to a pilot study to ensure reliability and clarity.

RESULTS AND DISCUSSION

This chapter presented the findings from the data collected from respondents at Alliance One Tobacco Malawi Limited. It analyzes demographic data, transactional leadership responses, and organizational performance. The results were analyzed using descriptive statistics, Pearson correlation, and regression

analysis to determine the relationship between transactional leadership and organizational performance. The findings were then discussed in accordance with the study objectives and supported by relevant literature to demonstrate how they relate to previous research.

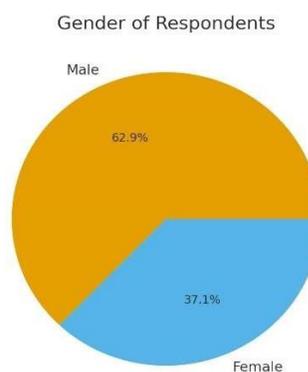
RESPONSE RATE

The study distributed 35 questionnaires to Alliance One Tobacco Malawi Limited employees. All 35 questionnaires were completed and returned, indicating a 100% response rate. According to *Mugenda and Mugenda (2003)*, a response rate of more than 70% was considered sufficient for reliable data analysis, so the 100% response rate in this study is highly acceptable.

DEMOGRAPHIC INFORMATION

Gender of respondents

The results showed that out of the 35 respondents, 22 were male and 13 were female. This represents 63% males and 37% females. The pie chart confirm that male employees formed the majority of participants in the study. This suggests that the workforce at Alliance One Tobacco Malawi Limited is male-dominated, which is common in operational and industrial workplaces.



Age Range of Respondents

The findings indicated that the respondents were distributed across several age categories. The 20-25 age group accounted for 9 respondents representing 26%, while the 26–35 age group represented the largest proportion with 11 respondents representing 31%. The 36-45 and 46-55 age ranges had 8 representing 23% and 7 respondents representing 20%, respectively. There were no respondents aged 56 and above.

These results showed that most employees were between 26 and 35 years old, reflecting a relatively young and active workforce at Alliance One Tobacco Malawi Limited.

Level of Education

The analysis showed that 3 respondents representing 9% held an MSCE, 14 respondents representing 40% had a Diploma, 16 respondents representing 46% had a degree, and 2 respondents representing 6% fell under the “Others” category. This indicates that the majority of employees possessed post-secondary qualifications, with degree holders forming the largest group. These results suggested that Alliance One Tobacco Malawi Limited has a well-educated workforce, which may contribute positively to organizational performance and leadership responsiveness.

Presentation of Research Findings

The effect of transactional leadership on performance of workers.

Recognition from leaders boosts employee's morale and commitment.

The study sought to understand the effects of transactional leadership on the performance of workers, and one of the items asked respondents

whether recognition from leaders boosts employee morale and commitment. The results showed that 19 respondents strongly agreed, 15 agreed, one disagreed, and none were neutral or strongly disagreed. This means that 97% of the respondents believe that recognition from leaders positively influences their morale and commitment to work.

These findings indicate that recognition is a highly valued form of motivation among employees at Alliance One Tobacco Malawi Limited. The overwhelmingly positive responses suggest that contingent reward, a key component of transactional leadership, plays a significant role in enhancing employee motivation and performance. When employees feel acknowledged for their efforts, they are more likely to be engaged, productive, and committed to their work. This observation aligns with the views of scholars such as *Bass (1985) and Bukron (2021)*, who argue that appropriate rewards and recognition lead to improved employee performance and job satisfaction. Therefore, the results strongly support the idea that recognition is an effective driver of employee morale within the organization.

Promise of rewards encourages employees to meet their work targets.

The study also examined whether the promise of rewards encourages employees to meet their work targets. The results showed that 19 respondents strongly agreed, 11 agreed, 4 were not sure, and 1 respondent disagreed. None of the respondents strongly disagreed. These results indicate that the majority of employees representing 86% believe that the promise of rewards has a strong positive influence on their ability to meet work targets. The presence of uncertain responses representing 11% and one disagreement representing 3% suggests that while rewards are effective for most employees, a small portion may be motivated by other factors.

Overall, the results demonstrate that the promise of rewards a core feature of contingent reward in transactional leadership is a powerful driver of employee performance at Alliance One Tobacco Malawi Limited. This supports previous findings by Bass (1985) and Selvarajah et al. (2024), who argue that reward-based motivation significantly enhances productivity and encourages goal attainment.

Employees are motivated when leaders set clear goals and expectations

Another question under this objective asked respondents whether employees are motivated when leaders set goals and expectations. The results revealed that 19 respondents strongly agreed, 14 agreed, one was not sure, and one disagreed. This shows that 94% of the employees feel more motivated when leaders clearly outline goals and expectations for them. Only a very small portion representing 6% expressed uncertainty or disagreement.

These findings suggest that clarity in goals is a strong motivational factor within Alliance One Tobacco Malawi Limited. This aligns with the principles of transactional leadership, which emphasize structured expectations and performance standards as drivers of improved productivity. When employees know exactly what is expected of them, they are more focused, committed, and confident in achieving their tasks. The results support the argument by scholars such as Bass (1985) that clearly set goals enhance employee performance and motivation within transactional leadership systems.

Leaders who reward good performance motivate employees to work harder.

The study also sought to determine whether leaders who reward good performance motivate employees to work harder. The results show that 23 respondents strongly agreed, 10 agreed, one was not sure, and one disagreed. This means that 94% of employees believe that receiving

rewards for good performance encourages them to increase their effort at work. Only a very small portion representing 6% did not fully share this view.

These results strongly suggest that reward systems play a crucial role in enhancing employee motivation at Alliance One Tobacco Malawi Limited. The overwhelmingly positive responses indicate that employees value recognition and rewards as an important form of reinforcement that drives them to work harder and perform better. This is consistent with the transactional leadership theory, which highlights contingent reward as an effective tool for motivating employees to meet or exceed performance expectations. Similar findings have been supported by scholars such as Bass (1985) and Njanja (2022), who note that employees tend to improve performance when leaders consistently reward desirable behaviors.

Transactional leadership increases employee's enthusiasm toward achieving organizational goal.

The study further examined whether transactional leadership increases employees' enthusiasm toward achieving organizational goals. The results showed that 18 respondents strongly agreed, 14 agreed, one was not sure, and two strongly disagreed. This means that 91% of employees believe that transactional leadership positively contributes to their enthusiasm and drive to accomplish organizational goals, while only a small minority representing 9% expressed uncertainty or disagreement.

These findings indicate that transactional leadership practices such as setting clear expectations, providing rewards, and ensuring accountability play a significant role in enhancing employees' enthusiasm and commitment. When employees clearly understand what is expected of them and are rewarded for meeting or exceeding those

expectations, they are more likely to work with energy and focus toward achieving organizational objectives. This aligns with the views of authors such as Bass (1985) and Podsakoff et al. (2006), who state that transactional leadership reinforces desirable behaviors and strengthens employees' willingness to pursue performance targets. The Role of extrinsic motivation and workers reaction to it within transactional leadership style.

Financial rewards motivate employees to perform better

The findings show that 19 respondents strongly agreed, 14 agreed, one disagreed, and one strongly disagreed with the statement that financial rewards motivate employees to perform better. This means that 94% of the respondents believe financial incentives play a significant role in improving their work performance.

Recognition and praise encourage employees to improve my work.

Regarding whether recognition and praise motivate employees to improve their work, 14 respondents strongly agreed, 18 agreed, two were not sure, and one strongly disagreed. This means that 91% of the employees recognize recognition and praise as powerful forms of extrinsic motivation. Only a very small number expressed uncertainty or disagreement.

Lack of rewards reduces employees' commitment to tasks.

The study also sought to determine whether a lack of rewards reduces employees' commitment to tasks. The results revealed that 11 respondents strongly agreed, 16 agreed, three were not sure, and five strongly disagreed. Although the majority representing 77% agreed that lack of rewards lowers commitment, the presence of some strong disagreement suggests

that a portion of employees remain committed even without external rewards.

To identify the potential effects of overusing external motivation.

Relying too much on rewards can reduce employees' internal motivation.

The results revealed that 15 respondents strongly agreed, 16 agreed, 3 were not sure, and 1 disagreed. This means that 89% of the respondents believe that relying too much on external rewards can weaken internal motivation. Only a small minority were uncertain or disagreed.

Overuse of external incentives may lead employees to focus only on rewards, not quality work.

The study found that 9 respondents strongly agreed, 17 agreed, 3 were not sure, 3 disagreed, and 3 strongly disagreed. Thus, 74% of the respondents believe that overusing incentives may shift employees' focus from quality work to earning rewards.

Employees may lose interest in their work when rewards are not provided regularly.

For this statement, 19 respondents strongly agreed, 12 agreed, 1 was not sure, and 3 disagreed. This means that 89% of the respondents feel that irregular rewards can cause employees to lose interest in their tasks.

may become dependent on continuous rewards, making it difficult for them to stay committed without constant external reinforcement.

To recommend that Alliance One Tobacco Malawi Limited should assess how employees respond to transactional leadership, focusing on its impact on motivation and performance.

The company should evaluate how employees react to transactional leadership practices

Findings show that 15 respondents strongly agreed, 18 agreed, 1 was not sure, and 1 disagreed. This means that 94% believe that evaluating employee reactions to leadership practices is important leadership impacts performance and motivation.

Regular assessment of employees' responses to rewards can improve leadership effectiveness.

The responses show 12 strongly agreed, 17 agreed, 2 not sure, and 4 strongly disagreed. This indicates that 83% believe regular assessment helps leaders refine reward strategies and improve effectiveness. However, the presence of a few strong disagreements suggests that some employees may prefer more balanced or flexible approaches to leadership evaluation.

Leadership strategies should be adjusted based on employee responses to motivation techniques.

The results indicate that 14 respondents strongly agreed, 16 agreed, 3 were not sure, and 2 disagreed. With 86% in agreement, employees believe leadership strategies should be flexible and responsive to workers' motivational needs. This highlights the importance of leaders adapting their style to maximize employee engagement and performance.

Correlation Between Transactional Leadership and Organizational Performance.

A Chi-square test of independence was conducted to examine the relationship between transactional leadership level and organizational performance level. Due to the violation of Chi-square assumptions, as more than 75% of the cells had expected counts less than 5, Fisher's Exact Test was used. The results showed no statistically significant association between transactional leadership and organizational performance (Fisher's Exact Test, $p = 1.000$). This indicates that transactional leadership level does not have a significant relationship with

organizational performance among the respondents.

Demographic results provided insight into the characteristics of the respondents, while descriptive statistics indicated general agreement with statements relating to transactional leadership and its influence on motivation and performance. However, the Chi-square analysis revealed no statistically significant relationship between transactional leadership and organizational performance. These findings suggest that although transactional leadership practices are present within the organization, they do not significantly influence employee performance. The next chapter presents a summary of the findings, conclusions, and recommendations derived from the stu

SUMMARY OF RESEARCH FINDINGS

The study sought to assess the effect of transactional leadership on organizational performance at Alliance One Tobacco Malawi Limited. The findings indicated that employees generally responded positively to transactional leadership practices such as recognition, rewards, clear goal-setting, and performance monitoring. Descriptive results showed that most respondents believed that recognition from leaders boosted morale and commitment, rewards encouraged them to meet work targets, and clearly defined expectations enhanced motivation and work enthusiasm. The study further revealed that extrinsic motivation played an important role in shaping employee behavior, as financial rewards, praise, and consistent incentives were widely perceived as factors that improved individual performance. However, the findings also revealed concerns regarding the overreliance on external rewards. Many respondents indicated that excessive dependence on extrinsic motivation could weaken intrinsic motivation, reduce employee

interest when rewards were inconsistent, and shift focus from quality work to reward attainment. As a result, respondents emphasized the importance of balancing external rewards with intrinsic motivation to sustain long-term performance. In addition, employees strongly supported the need for the organization to regularly assess employee responses to transactional leadership practices and adjust leadership strategies accordingly.

Despite the generally positive perceptions of transactional leadership practices, the Chi-square analysis revealed no statistically significant relationship between transactional leadership and organizational performance (Fisher's Exact Test, $p = 1.000$). This finding indicates that transactional leadership did not have a significant influence on organizational performance in this study. The results suggest that although transactional leadership practices may motivate employees at an individual level, they do not necessarily translate into measurable improvements in overall organizational performance within the study context.

CONCLUSION FROM THE STUDY

Based on the findings, the study concluded that transactional leadership played an important role in motivating employees at an individual level but did not significantly enhance organizational performance at Alliance One Tobacco Malawi Limited. Employees generally responded positively to rewards, recognition, and clearly defined expectations; however, these factors alone were insufficient to produce significant improvements in organizational performance. The Chi-square analysis revealed no statistically significant association between transactional leadership and organizational performance, indicating that reliance solely on transactional leadership practices is unlikely to generate meaningful organizational performance outcomes. Therefore, for organizational performance to improve, the company may

need to adopt additional leadership approaches, such as transformational leadership, and foster a work environment that supports both intrinsic and extrinsic motivation.

RECOMMENDATIONS OF THE STUDY

In light of the findings, the study suggested that organizations could benefit from adopting a balanced leadership approach that combined transactional and intrinsic motivational strategies. While rewards and recognition were found to be effective as short-term motivators, placing greater emphasis on intrinsic motivation such as encouraging employee involvement, providing opportunities for professional growth, and fostering a supportive work environment was seen as important for sustained engagement. Reward systems were recommended to be reviewed to ensure that incentives remained meaningful without undermining internal motivation. Regular assessments of leadership effectiveness and employee responses to motivation techniques were considered valuable for ensuring that strategies aligned with employee needs. Additionally, leadership training for supervisors and managers was highlighted as a way to strengthen the application of both transactional and transformational methods to improve performance and engagement.

AREA FOR FURTHER STUDY

Investigate the impact of transformational leadership on employee performance.

Future research could examine how transformational leadership influences motivation, commitment, and productivity. Transformational leadership focuses on inspiration, vision, and employee empowerment, which may produce stronger performance outcomes compared to transactional leadership.

Conduct a comparative study of transactional and transformational leadership styles.

Comparing the two leadership styles would help determine which approach produces better employee outcomes across different organizational settings. Such research could also reveal whether a combination of both styles is more effective than using one alone.

Examine the role of intrinsic motivation in enhancing employee performance. This study found that relying too much on external rewards may weaken internal drive. Future research could explore how intrinsic factors such as job satisfaction, personal growth, autonomy, and purpose contribute to long-term performance and engagement.

Explore variables that may mediate or moderate the relationship between leadership style and performance.

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