

# Application of Transactional Leadership Style for Managers in Adopting the Organization's Cultural Intelligence: A Study of Coscharis Group of Companies, Nnewi, Nigeria

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## Abstract

As Leadership is culturally influenced, leaders should demonstrate styles that enable effective functioning in culturally diverse circumstances. This research aimed to investigate the implementation of the transactional leadership style by managers in adopting the organization's cultural intelligence: A study of Coscharis Group of Companies, Nnewi, Nigeria. The study's goals included assessing the impact of contingent reward leadership on cultural intelligence, exploring connections between active management by exception and cultural intelligence, and examining the influence of passive management by exception on cultural intelligence. The population was 2,700, with a sample size of 348 determined by Taro Yamane formula. SPSS version 20.0 software was used for data analysis, revealing significant relationships. Contingent reward leadership notably affects cultural intelligence ( $\text{sig} = 0.000 < 0.05$ ,  $R^2 = 0.437$  and  $t\text{-statistic} = 15.528$ ); active management by exception has a significant relationship with cultural intelligence ( $\text{sig} = 0.000 < 0.05$ ,  $R^2 = 0.85$  and  $t\text{-statistic} = 5.371$ ); passive management by exception significantly affects cultural intelligence ( $\text{sig} = 0.000 < 0.05$ ,  $R^2 = 0.149$  and  $t\text{-statistic} = 7.375$ ). In conclusion, a global leadership development strategy should align with the company's global culture and involve management commitment to enhance employees' cultural intelligence. It is recommended to adopt the transactional leadership style, a driver of cultural intelligence, across industries to boost global organizational performance.

**Keywords:** active management by exception, contingent reward, coscharis group of companies, cultural intelligence, passive management by exception, transactional leadership style.

## 1.1 Introduction

Different leadership styles play a crucial role in the ability of managers to navigate diverse groups of individuals and various knowledge domains within organizations. Leadership is a significant factor contributing to gaining a competitive edge, achieving successful business performance, and ensuring long-term sustainability (Aguinis, 2019). In today's increasingly globalized world, leaders encounter new challenges, not only when leading in multicultural settings but also when managing more diverse workforces. This influx of various cultures requires leaders to possess cross-cultural competencies, necessitating a range of skills to effectively lead on a global scale (Ahmed, 2018). Diverse cultural backgrounds lead to various interpretations of organizational experiences, resulting in leaders having to manage different behavioral patterns. When managing culturally diverse workforces, Cultural Intelligence (CI) can assist leaders in bridging cultural gaps by adapting suitable leadership styles that align with different cultural contexts. In the study, we aimed to utilize a transactional leadership style, focusing on the effects of contingent reward leadership, active management by exception, and passive management by exception, to address the challenges posed by the extensive range of cultural backgrounds within the organization under investigation.

Furthermore, the transactional leadership style is often observed in companies seeking swift operations (Aguinis, 2019). To achieve rapid success, leaders establish standardized regulations and protocols across organizational levels. Transactional leadership is frequently found in mid-to-large-sized organizations, where leaders rely on an exchange-based relationship with employees. Motivation is driven by rewards and penalties: good performance and adherence to rules result in rewards, while poor performance leads to penalties (Albuhisi & Abdallah, 2018). However, this crisis-oriented leadership style, though effective during emergencies, can stifle creativity and problem-solving skills, potentially fostering rigidity and inflexibility. Emphasizing supervision, organization, and methodical approaches, transactional leadership differs from the more discussed transformational leadership style in the context of Cultural Intelligence. Given the competitive landscape, many enterprises shift toward transformational leadership to meet crucial goals and strategies essential for survival. As such, Cultural Intelligence (CI) has emerged as a pivotal competency during transformations (Albuhisi et al., 2018).

In essence, as the Nigerian economy rapidly transforms, businesses aim to equip employees with skills to engage with diverse populations across the country (Abdallah & Alnamri, 2015). Cultural intelligence, or cultural quotient (CQ), is pivotal in achieving this successfully. Cultural intelligence entails the ability to effectively interact and relate across cultures. Given that large corporations often operate both locally and globally, employees must adapt to the cultures of their peers. Similar to emotional intelligence, cultural intelligence necessitates understanding others' interests, feelings, and cultural contexts. Different cultures may have distinct socially acceptable responses, work styles, and lifestyles. With its dimensions—Cultural Intelligence encompasses metacognitive, motivational, and behavioral aspects, providing leaders with a comprehensive set of competencies and viewpoints that can be applied in various cultural contexts (Adha et al., 2020). While previous research has examined the association between transformational leadership and Cultural Intelligence, the link between transactional leadership and CI has been disregarded. Thus, while transactional leadership's significance, particularly in emotional intelligence research, is prominent, it's crucial to consider how cultural intelligence, complementing emotional intelligence, may relate to contingent reward behaviors (Appiah-Nimo, 2018).

It is as a result of aforementioned development that the researcher intends to examine the application of transactional leadership style of managers in adopting the organization's cultural intelligence considering the effect of contingent reward leadership, active management by exception and passive management by exception as independent proxies.

## **1.2 Statement of the Problem**

Promoting effective transactional leadership style in cross-cultural scenarios should be a paramount concern for businesses. While some individuals may possess innate leadership qualities within their own cultural context, leaders who can navigate intercultural contexts effectively are cultivated (Alimudin & Sukoco, 2017). However, identifying the specific skills essential for such leadership, as encapsulated in leader Cultural Intelligence (CQ), remains somewhat ambiguous.

Adha et al. (2020) highlighted that a significant portion of organizations' training budgets, particularly focused on leadership development, is allocated to the cultivation of skills in contingent reward leadership, active management by exception, and passive management by exception within the transactional leadership style. Al-Kurdi, Alshurideh & Al-Afaishat (2020) contended that upskilling leaders for success in culturally diverse leadership positions remains suboptimal, underscoring a critical concern. This is concerning, as effective leaders equipped with cultural intelligence are not only in high demand but also in short supply (Fidyah & Setiawati, 2020).

Despite their scarcity, a multicultural workforce offers manifold advantages, including superior customer service, enhanced decision-making, cultural intelligence, innovation, creative thinking, and improved productivity (Cera & Kusaku, 2020). In this context, Dajani & Zaki (2015) argued that aligning workforce performance with cultural intelligence stands as a pivotal factor in distinguishing corporate champions from corporate failures. Consequently, Earley & Ang (2013) asserted that talent management constitutes a crucial

focal point for leaders across organizations. However, the literature predominantly grapples with managing cultural disparities rather than optimizing them, as evident from the limited emphasis on leader CQ (Han, Seo, Yoon & Yoon, 2016).

Fidyah et al. (2020) posited that despite various measures in place, employees continue to face challenges in interactions with individuals from different cultures due to misunderstandings and flawed relationships. As a result, most organizations require managers who can promptly adapt to various cultures, creating a conducive work environment and ensuring the application's effectiveness in multicultural settings. Successfully addressing this managerial challenge hinges on cultural intelligence (Drewniak, Drewniak & Posadzinska, 2020).

This study was inspired by the fact that the empirical research studies carried out disclosed that poor research attention has been accorded to the application of transactional leadership style of managers in Adopting the organization's Cultural intelligence: A Study of Coscharis Group of Companies, Nnewi, Nigeria. Empirical studies revealed that studies had been carried out on effect of transactional leadership styles on performance of organizational culture of financial institutions, the hospitality sector and the health sector etc, in and outside of the country. Notwithstanding, none of these studies addressed the issue of the application of transactional leadership style of managers in Adopting the organization's Cultural intelligence. They did not analytically provide empirical evidence on how transactional leadership style relate to cultural intelligence of Coscharis Group of Companies, Nnewi, Nigeria, regarding contingent reward, active Management by exception, passive Management by exception showing that the application of transactional leadership style of managers in adopting the organization's Cultural intelligence: A Study of Coscharis Group of Companies, Nnewi, Nigeria has not received adequate attention, thus this study wants to achieve the following objectives:

- i. To ascertain the effect of Contingent reward leadership on cultural intelligence.
- ii. To find out the relationship between active Management by exception and cultural intelligence.
- iii. To investigate the effect of passive Management by exception on cultural intelligence.

### **1.3 Research Hypothesis**

The null hypothesis includes the following:

- i. Contingent reward leadership does not have significant effect on cultural intelligence.
- ii. Active Management by exception does not have significant relationship with cultural intelligence.
- iii. Passive Management by exception does not have significant effect on cultural intelligence.

## **2.1 Literature Review**

### **2.1.1 Transactional Leadership**

Transactional leadership is a leadership approach that places a strong emphasis on supervision, organization, and performance. It constitutes an integral component of the Full Range Leadership Model. This style of management originated during the Industrial Revolution and was viewed as a means to attain a competitive advantage. Some common strategies employed within this management style encompass the pursuit of efficiency objectives, the realization of economies of scale, and the differentiation of quality (Han et al., 2016). Transactional managers primarily concentrate on tasks and objectives linked to performance. This approach proves effective for managers seeking to enhance the efficiency of established procedures and is particularly adept at managing new and turbulent organizations. It involves the establishment and standardization of practices, processes, and behaviors.

As described by Iqbal and Akhtar (2017), transactional leadership is a leadership style where leaders encourage followers to comply through a combination of rewards and punishments. Transactional leaders utilize a system of rewards and punishments to maintain follower motivation in the short term. In contrast to transformational leaders, those employing the transactional approach show less inclination towards developing their workers' skills. Transactional leadership is characterized by one person initiating contact with others for the purpose of exchanging valuable resources (Cera et al., 2020).

A transactional leadership approach is less suitable for situations demanding strong collaboration among individuals. It proves effective in crisis and emergency scenarios, as well as for projects that require precise execution (Kaplan & Norton, 2019).

Transactional leadership involves conditional reward and management by exception, either active or passive. In the former, leaders maintain a positive rapport with followers, who receive bonuses for achieving specific goals. Rewards are agreed upon between leaders and followers. The latter involves leaders consistently or minimally monitoring performance and addressing issues reactively. This leadership style prioritizes established routines, organization, and performance based on past effectiveness. It is also known as managerial leadership, emphasizing adherence to hierarchical authority and existing procedures. Transactional leaders maintain the status quo, acting primarily in response to errors, with minimal interaction and passive relationship management with followers.

### **2.1.2 Contingent Reward Leadership**

Contingent reward leadership is a direct leadership style, rewarding followers based on task completion and outcomes. It encompasses bonuses, promotions, recognition, and appreciation, all structured to explicitly define rewards for specific achievements (Kihara, Bwisa & Kihoro, 2016). Transactional leadership similarly relies on a structured system of rewards and punishments to gauge performance across various levels. It prioritizes results, efficiency, and performance over interpersonal relationships, essentially reflecting the principles of contingent reward leadership.

Contingent reward leadership can thrive in transactional environments or situations where fostering genuine motivation, inspiration, and employee engagement is challenging (Mousavi, Hosseini & Hassanpour, 2015). Many individuals work primarily for monetary gain, rather than out of passion or purpose. In such settings, implementing a contingent reward system can significantly enhance productivity and performance.

An effective contingent reward leadership approach hinges on providing utmost clarity. When employees know precisely what they can attain by meeting specific conditions, it motivates them to strive for those goals (Nguyen, Nguen, Hiep, Nguyen & Hoang, Hung-Trong, 2021). Conversely, uncertainty or lack of clarity is a less effective incentive because people may remain unsure about the rewards and expectations, thereby reducing their motivation.

### **2.1.3 Active Management by Exception**

Active Management by Exception, as per Nwokocha and Iheriohanma (2015), is a business management strategy that suggests that managers and supervisors should focus on examining, investigating, and developing solutions exclusively for issues displaying deviations from established standards, norms, business practices, or financial goals, such as profit variations, quality concerns, and infrastructure issues, instead of dealing with routine business activities (Rockstuhl & Van-Dyne, 2018). Active Management by exception involves the practice of identifying and reporting a situation to management only when a manager-level intervention is genuinely required. Its primary objective is to optimize management's time by involving them exclusively in the event of significant deviations from routine or standard business outcomes. In this approach, management proactively addresses situations, provides assistance in problem-solving, actively participates in all activities, and closely monitors their staff's actions to rectify errors (Schlaegel, Richter & Taras, 2021).

Management by Exception (MBE) is a leadership approach where management is summoned to intervene solely when notable deviations from the established plan are identified. This method is designed to enable managers to focus on critical issues while minimizing their attention to less crucial matters that employees are capable of handling. Management gets concise and full detailed reports that cover the critical aspects of a problem (Rockstuhl et al, 2018). This enables them to make decisions and take the most appropriate action. MBE assumes that employees can handle routine duties as long as the outcomes align with the set plan. Managers are only required to intervene to address variances. For MBE to be effectively implemented, an organization needs a budget, a reporting system, and an exception matrix. When the results deviate from

the plan, employees send a notification to the managers based on the exception matrix (Srimulyani & Hermanto, 2022).

#### **2.1.4 Passive management by Exception**

As Surucu and Yeşilada (2017) pointed out, a passive approach is beneficial for businesses with a relaxed work environment where staff clearly understand their roles and responsibilities. It can help boost staff morale and encourage independence. In contrast, an active approach is suitable for less experienced or new employees, especially in more structured organizations where they require step-by-step guidance to complete their tasks. In line with Uddin, Luva, and Hossain (2016), passive management by exception is a method in which management intervenes only when the desired goals are not achieved, changes in planning are necessary, or corrective actions are needed. This approach typically comes into play in response to unusual events. Both methods hold importance, and the choice between them should be based on specific business requirements.

Passive management by exception implies that the leader reacts to a problem or mistake after it has occurred. This can have a more significant impact on both the leader and employees than might be initially apparent (Suknunan & Bhana, 2022). Similar to many transactional leadership strategies, passive management by exception is most effective in repetitive environments where a limited set of activities is consistently performed, and the outcomes can be easily evaluated (Kaplan et al., 2019).

For successful implementation of a passive management by exception leadership style, it is imperative to provide employees with clear guidelines, specifying the situations that warrant managerial intervention. This ensures that employees have a well-defined understanding of what to expect and the boundaries within their work environment (Wahyuningsih, Sudiro, Troena & Irawanto, 2019). Additionally, if there is any room for flexibility in how tasks are performed as long as the expected results are achieved, these parameters should be clearly defined. The advantage of such flexibility is that it allows team members to explore more efficient ways of completing their work, fostering creativity, and contributing to process improvement, ultimately enhancing overall team productivity (Kaplan et al., 2019).

The primary issue with transactional leadership, particularly in the passive management by exception facet, is the tendency to address errors and problems with attention and penalties, while offering minimal feedback and emphasis on successful endeavors (Wakabi, 2016). It's essential to delve deeper into transactional leadership and its place within the broader Full Range Leadership Model.

#### **2.1.5 Cultural Intelligence**

In a conceptual sense, as outlined by Abdallah et al. (2015), cultural intelligence (CQ) pertains to the aptitude for effectively engaging with individuals from diverse cultural backgrounds. This involves the capacity to discern, integrate, rationalize, and respond appropriately to cultural cues in situations characterized by cultural diversity. It involves possessing knowledge about other cultures, motivation to engage with cultural differences, and the ability to interact and behave adeptly in cross-cultural interactions (Aguinis et al., 2019).

Cultural intelligence facilitates a prompt and accurate comprehension of the varied cultural aspects of behavior that are suitable for each context. The significance of CI extends to both individuals and organizations, given the contemporary and diverse nature of the world. Organizations recognize the value of bridging cultures to attain both personal and organizational success (Ahmed, 2018). Through its dimensions (metacognitive, motivational, and behavioral cultural intelligence), cultural intelligence equips leaders with a set of competencies and viewpoints that can be applied to a multitude of cultural scenarios (Alimudin et al., 2017). CI research seeks to provide insights into the enduring question of why some individuals thrive in culturally diverse settings while others do not (Albuhisi et al., 2018).

As per Al-Kurdi et al. (2020), cultural intelligence is characterized as an individual's competence to effectively adapt to a new cultural environment. Cultural intelligence, often referred to as CI, seeks to elucidate why certain individuals demonstrate the capability to navigate adeptly in culturally diverse

environments, while others face challenges. CI involves the utilization of observational and analytical skills to interpret unfamiliar cues and situations, ultimately formulating appropriate behavioral responses (Adha et al., 2020).

In essence, cultural intelligence focuses on how individuals thrive and adapt when placed in environments that differ from their initial socialization. It plays a pivotal role in understanding the reasons behind people's ability to function effectively in culturally diverse settings. Leadership, as per Iqbal et al. (2017), emphasizes the role of CI as a stimulus for action.

#### **2.1.6 Relationship Between Transactional Leadership and Cultural Intelligence**

While many studies investigating the relationship between leadership and cultural intelligence are conducted in international settings, they provide valuable insights for enhancing the connection between cultural intelligence and transformational leadership. Research in cultural intelligence also seeks to comprehend leaders' capabilities in working with diverse populations, even within a domestic context (Appiah-Nimo et al., 2018).

In multicultural organizations, the ability to communicate effectively with both internal customers (employees) and external customers, comprehend cultural differences, and adapt to them is considered a fundamental doctrine (Anuforo, Mustapha, Intan & Ayoup, 2019). On one hand, this skill helps overcome challenges such as difficulties in cooperation and reaching compromises. Additionally, communication with individuals from diverse cultures adds a sense of novelty, enriches relationships, and opens up new opportunities in the lives of individuals (Azevedo & Shane, 2019).

In multicultural environments, effective communication and an understanding of cultural differences are more likely to be observed in transformational leaders, who excel in addressing today's complex conditions. Research conducted by Cera et al. (2020) highlights the significance of cultural intelligence in transformational leadership, demonstrating positive and substantial relationships between the two. Possessing cultural intelligence can be a contributing factor in adopting a transformational leadership style among managers.

#### **2.1.7 Comparison between Transactional and Transformational Leadership**

According to Earley & Ang (2014), a transactional leader's practice of using rewards like wages and promotions in exchange for follower compliance is viewed as a less dynamic representation of effective leadership when compared to the dimensions associated with transformational leadership. Additionally, Dajani et al. (2015) found that transactional leaders tend to be less confident in their ability to control external factors, whereas transformational leaders exhibit a strong internal locus of control and believe in their capacity to influence organizational direction. In numerous studies, transformational leadership has garnered praise for its strong, positive correlation with subordinate satisfaction, performance, motivation, commitment, and leader effectiveness ratings compared to transactional leadership (Fidyah et al., 2020).

Furthermore, transformational leadership is recognized for its resilience across various conditions and its applicability in cross-cultural settings (Han et al., 2016). Regarding leadership effectiveness, transactional leadership is considered somewhat less effective than transformational leadership due to the straightforward and impersonal nature of the leader-follower relationship and its limited impact on followers. However, Drewniak et al. (2020) argue that while transactional leaders may motivate subordinates to meet expectations, transformational leaders have the ability to inspire subordinates to exceed expectations. The positive effects of transformational leadership are amplified by relational support, as it boosts employee confidence and serves as a role model for encouraging employees to pursue creativity in their work (Haque et al., 2020). Additionally, based on a study by Harwiki et al. (2016), contingent reward leadership behaviors exhibited by both lower and higher-ranking supervisors predict outcomes. Perceived contingent reward leadership strongly predicts follower job satisfaction and attitudes toward the supervisor, although not as strongly as transformational leadership. Kaplan et al. (2019) also noted significant differences in leadership styles between men and women, with female managers often leading in a transformational style,

while male managers tend to display a more transactional approach. Transactional leadership is described as an exchange that occurs between leaders and followers, where rewards are contingent on work performance (Iqbal et al., 2017). In terms of ethical considerations, both transactional and transformational approaches have distinct moral foundations.

#### **2.1.8 Transactional leadership in Coscharis Group of Companies, Nnewi**

Transactional leadership is commonly observed in organizations that prioritize swift and efficient operations. Leaders in such companies implement standardized regulations and often employ similar or identical protocols at every level of the organization, aiming to achieve success as rapidly as possible (Uddin et al., 2016). The transactional leadership style is prevalent in mid-to-large-sized organizations and is frequently found in manufacturing or other highly regulated industries. It emphasizes adherence to established practices and procedures, particularly within global organizations where leaders must manage individuals from diverse cultures and language backgrounds (Surucu et al., 2017).

The sales industry, exemplified by organizations like Coscharis, also features transactional leaders. This is because employees in this sector often have to meet aggressive sales quotas. If an employee achieves their quota, they receive bonuses or raises as rewards (Suknuna et al., 2022). Transactional leadership operates on the assumption that all employees value external rewards, typically in the form of monetary compensation. This style of leadership operates under the belief that individuals are not inherently self-motivated.

However, many emerging leaders, particularly from younger generations, find motivation in intrinsic rewards. They are less likely to exhibit loyalty to a company and are more inclined to seek higher-level needs fulfillment, including belonging, esteem, and self-actualization (Srimulyani et al., 2022). In this context, rewards take the form of growth opportunities, meaningful work, and increased prospects for personal development.

### **2.2 Theoretical Review**

#### **2.2.1 Transactional Leadership Theory**

As proposed by Mousavi et al. (2015), transactional leaders are characterized by their intent to influence the self-interests of their followers. These leaders prioritize task assignments, work standards, and ensuring follower compliance. They also drive subordinate performance by providing rewards for compliance and implementing penalties for those who fail to meet expectations.

In line with Nwokocha et al. (2015), transactional leaders engage in a cost-benefit economic exchange, aiming to fulfill the material and physical needs of their subordinates in exchange for negotiated contract obligations from the subordinates. This concept is closely associated with the transactional leadership style, emphasizing the exchange relationship between leaders and followers.

#### **2.2.2 Cognitive Dissonance Theory**

The theory of cognitive dissonance, initially proposed by Festinger in 1957, illustrates the discomfort that arises from a lack of consistency between cognitions or between cognition and behavior (Dajani et al., 2015). This dissonance is rooted in an individual's psychological perception, rather than logic, and arises from the perception that cognitions or cognition and behavior are incongruent (Rockstuhl et al., 2018). The state of unease is motivational, driving efforts to resolve it (Schlaegel et al., 2021). These efforts may manifest as rationalizing one's viewpoint or behavior, or as modifying viewpoints or behaviors to make them more congruent (Shiqi, 2021).

Nguyen et al. (2021) argue that when an employee encounters a leadership style that conflicts with their preferred style, they may address this dissonance by adjusting their perceptions or preferences. In this scenario, it is suggested that the employee can only modify perceptions or preferences, as the behavior is determined by the leader. Conversely, it is plausible that culturally intelligent leaders might resolve any cognitive dissonance they experience when their default leadership style (behavior) doesn't align with what

their Cultural Intelligence (CQ) suggests as preferable for their subordinates by adjusting their leadership style (Khan et al., 2020).

Taking this into consideration, it was anticipated that the displayed leadership styles (empowering and directive) and leader CQ would exhibit strong positive relationships. Consequently, leader CQ, rather than the cultural identity of subordinates, would be the primary predictor of empowering and directive leadership styles (Kihara et al., 2016).

### **2.3 Empirical Review**

Nwokocha et al (2015), investigated the relationship between contingent reward leadership and cultural intelligence in the private sector of the economy in Ethiopian capital. The study used a descriptive research design. Stratified random sampling was used for the sample selection and a sample of 125 staff were randomly selected from various departments of the firm under study. Survey method was used for collecting the data from the respondents. Questionnaires with five points Likert were used to obtain response. Small amount of quantitative research were used.. The study concluded that there was a strong correlation between contingent reward leadership and cultural intelligence.

Mousavi et al (2015), examined the impact of active management by exception on cultural intelligence amongst private university staff in Pakistan. The study had a target population of 380 employees. A sample size of 400N was derived with the use of "krejci and Morgan formula". The study used primary data to obtain information which involved a per-paper survey and online Google forms consisting of questionnaires. The research followed a cross-sectional quantitative approach with probability sampling. Stratified random sampling technique was used to divide the population. The result of this study showed a positive relationship between active management by exception on cultural intelligence.

Rockstuhl et al s(2018) examined the impact of passive management by exception on cultural intelligence in Coca-Cola, Nepal. The research for this study was performed using descriptive research methods. Data was gathered from a primary source by using organized and structured questionnaires. A group of 120 participants are involved in which 91 of them responded and 24 of them didn't reply back, making the response rate to the questionnaire 74% adequate. The result of the study showed passive management by exception had a positive relationship on cultural intelligence.

Harwiki (2016) conducted a study to investigate the impact of leadership styles on job satisfaction among employees at Indomie Instant Noodles in Kaduna. The population under consideration for this study consisted of a total of 1,231 individuals. The sample size for the study was determined using the Krejcie and Morgan (1970) table formula, resulting in a sample of 310 respondents. The sampling technique employed was probability sampling, specifically using the simple random sampling technique. The research instrument used in the study was a structured questionnaire featuring closed-ended questions with a five-point Likert scale, ranging from "strongly disagree" to "strongly agree." To analyze the data and test the hypothesized model of the study, multiple regression analysis was applied. The conclusion of the study has it that leadership positively influence job satisfaction in Indomie Instant Noodles, Kaduna.resulting in 310 respondents. Probability sampling, specifically simple random sampling, was employed as the sampling technique. The research instrument used in the study was a structured questionnaire comprising closed-ended questions, and it employed a five-point Likert scale. To analyze the hypothesized model, multiple regression analysis was utilized. The study's findings revealed a positive correlation between leadership and job satisfaction among employees at Indomie Instant Noodles in Kaduna.

### **3.1 Research Design**

A research design outlines the structure and methodology of a study aimed at uncovering solutions to research inquiries. As indicated by Uddin et al (2016), a descriptive design offers an accurate depiction of individuals, events, or attributes, such as behaviors, opinions, skills, beliefs, and knowledge within a specific individual, context, or group. The preference for a descriptive research design stems from its ability to comprehensively portray transactional leadership styles and cultural intelligence, thereby ensuring minimal bias in data collection.



### 3.1 Population

The target population of interest in this study was 2700 from various departments of the organization under study.

### 3.2 Determination of Sample Size

The sample size is determined using the Yaro Yamane 1964 formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n is sample size

N is population size

e is margin of error

For the purpose of the study 5% tolerable error is allowed. Therefore, using this formula we have:

$$n = \frac{2700}{1 + 2700(0.05)^2}$$

$$n = \frac{2700}{1 + 2700(0.0025)}$$

$$n = \frac{2700}{7.75}$$

$$n = 348$$

Thus, applying the formula the sample size for the study was 348 employees of the firm under study.

### 3.3 Sampling Technique

Stratified random sampling was the selected sampling technique for this study. Stratified sampling involves selecting samples from specific subgroups of interest, enabling effective comparisons. This technique was opted for in this study due to the heterogeneous nature of the target population, which consisted of employees from diverse levels and various departments.

### 3.6 Data Analysis Methods

To fulfill the study's objectives, online questionnaires were utilized to gather data. The collected data was subjected to analysis using SPSS (Statistical Package for Social Sciences) version 20, a dedicated software tool for data analysis in social sciences research. The research employed SPSS tests for hypothesis testing and simple linear regression analysis to present questionnaire results.

### 3.4 Model Specification

The model used in testing hypothesis of this study is presented below:

$$Y = f(X)$$

Y represents the Dependent Variable, and X represents the Independent Variables, with the following relationships:

Y stands for Cultural intelligence,

X stands for Transactional leadership style.

Where:

Y is represented as (Y)

X is represented as (x1, x2, X3).

Where:

Y signifies Cultural intelligence,

x1 represents Contingent reward,

x2 represents Active Management by Exception,

x3 represents Passive Management by Exception.

The relationship can be expressed as  $Y=f(X)$ :

Y=f(x1) as Equation 1,  
Y=f(x2) as Equation 2,  
Y=f(x3) as Equation 3.

These equations (Equation 1-3) represent the variables under consideration in this study. The equations can be further developed as linear models:

Equation 1:  $Y = a_0 + \beta_1 x_1 + \mu$

Equation 2:  $Y = a_0 + \beta_2 x_2 + \mu$

Equation 3:  $Y = a_0 + \beta_3 x_3 + \mu$

In these equations,  $a_0$  represents the intercept,  $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are the coefficients associated with  $x_1$ ,  $x_2$ , and  $x_3$  respectively, and  $\mu$  represents the error term. These equations are the basis for evaluating the relationships between cultural intelligence and the different components of transactional leadership style in this study.

#### 4.1 Data Analysis

**Table 4.1.1 Descriptive analysis of the effect of Contingent reward leadership on cultural intelligence.**

STATEMENT	Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree	Mean	Standard Deviation
The contingent reward leader is engaging and supportive	0 (0.0%)	9 (2.9%)	59 (18.8%)	178 (56.9%)	67 (21.4%)	3.97	720
I got a chance to collaborate with my team members during the contingent reward leadership exercise and they were effective	0 (0.0%)	19 (6.0%)	55 (17.6%)	143 (45.7%)	96 (30.7%)	4.01	853
I felt competent and confident at the end of the exercise?	3 (1.0%)	10 (3.2%)	67 (21.4%)	127 (40.6%)	106 (33.9%)	4.03	876
Our organization offers enough contingent leadership opportunities to keep my knowledge and skills up to date.	0 (0.0%)	16 (5.1%)	79 (25.2%)	119 (38.0%)	99 (31.6%)	3.96	880
Because of the exercise I can perform my tasks effectively.	4 (1.3%)	22 (7.0%)	70 (22.4%)	126 (40.3%)	91 (29.1%)	3.89	949
The exercise has widened my understanding of my job	0 (0.0%)	31 (9.9%)	51 (16.3%)	156 (49.8%)	75 (24.0%)	3.88	887

**Source:** Researcher's Fieldwork,2023

Table 4.1.1: The participants were asked if the contingent reward leader is engaging and supportive. The results, as shown in Table 4.6, indicated that 56.9% of the respondents (178) agreed, 21.4% (67) strongly agreed another 18.8% (59) were unsure and 2.9% (9) disagreed. The respondents on average agreed that their trainer was engaging and supportive compared to does who did not. (Mean= 3.97, S.D= 720)

The results shows when the respondents were asked whether during the exercise if they were to collaborate with my team members during the contingent reward leadership and if they found it effective. 45.7% of the respondents (143) agreed, 30.7% ( 96) agreed strongly, 17.6% (55) were unsure, 6.0% (19) disagreed. Most of the respondents found collaborating with team members effective during the training program. (Mean= 4.01, S.D= 853)

In addition, respondents were asked whether their undergoing leadership exercise in the company had enhanced their organizational competence. As shown, 40.6% (127) agreed, 33.9%

(106) agreed strongly, 21.4% (67) were unsure, 3.2% (10) disagreed and 1.0% (3) disagreed strongly. Hence, it can be deduced that most of the respondents considered leadership exercise to enhance organizational competence compared to a lesser but significant number of respondents who disagreed. (Mean= 4.03, S.D= 876)

On the aspect whether, the organization offers enough contingent leadership opportunities to keep workers knowledge and skills up to date. The result showed that, 38.0% (119) agreed, 31.6% (99) agreed strongly, 25.2% (79) were unsure, 5.1% (16) disagreed. Hence, slightly more respondents considered the organization offer them contingent leadership opportunities. (Mean= 3.96, S.D= 880)

Further the results revealed that respondents felt less stressed with their job because of continuous leadership exercise. As shown, 40.3% (126) agreed, 29.1% (91) agreed strongly, 22.4% (70) were unsure, 7.0% (22), disagreed, 1.3% (4) disagreed strongly. Thus, while a slight majority felt less stressed with their jobs because of continuous leadership exercise, a significant proportion were not. (Mean = 3.89, STD = 949)

Respondents were asked if leadership exercise had widened their understanding of their job. 49.8% (156) agreed, 24.0% (75) agreed strongly, 16.3% (51) were unsure and 9.9% (31) disagreed. Therefore, most of the respondents considered training to have widened their understanding of their jobs. (Mean = 3.88, STD = 887)

#### 4.1.2 Descriptive analysis of the relationship between active Management by exception and cultural intelligence

STATEMENT	Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree	Mean	Standard Deviation
Employees find my work engaging following the active Management by exception	0 (0.0%)	32 (10.2%)	75 (24.0%)	112 (35.8%)	94 (30.0%)	3.86	965
Active Management by exception contributes to organisations success, making employees feel recognized, respected and valued	6 (1.9%)	23 (7.3%)	62 (19.8%)	120 (38.3%)	102 (32.6%)	3.92	994
Active Management by exception provides employees with a sense of meaning and purpose	0 (0.0%)	17 (5.4%)	68 (21.7%)	119 (38.0%)	109 (34.8%)	4.02	886
With active Management by exception, employees have opportunities for advancement or promotions.	0 (0.0%)	8 (2.6%)	54 (17.3%)	136 (43.5%)	115 (36.7%)	4.14	790
Active Management by exception encourages employees' participation in decision- making.	4 (1.3%)	18 (5.8%)	81 (25.9%)	112 (35.8%)	98 (31.3%)	3.90	956
Active Management by exception prepares the organizations for the future	0 (0.0%)	4 (1.3%)	67 (21.4%)	129 (41.2%)	113 (36.1%)	4.12	785

**Source:** Researcher's Fieldwork, 2023

Table 4.1.2 shows results concerning whether Employees find their work engaging following the active Management by exception 35.8% (112) agreed, 30.0% (94) agreed strongly, 24.0% (75) were unsure, 10.2% (32) . a reliable percent of worker finds their work engaging. The organization therefore mostly permits employees to participate in decision making. (Mean= 3.86, S.D= 965)

In addition, the result revealed when participants were asked whether Active Management by exception contributes to organisations success, making employees feel recognized, respected and valued. As indicated, 38.3% (120) agreed, 32.6% (102) strongly agreed, 19.8% (62) were unsure and another 7.3% (23)

disagreed. 1.9% (6) disagreed strongly. Thus, the company mostly recognizes and value employees who efficiently complete their tasks. (Mean= 3.92, S.D= 994)

The results shows whether respondents considered that active management by exception provides employees with a sense of meaning and purpose 43.5% (136) agreed, 36.7% (115) disagreed strongly, 17.3% (54) were unsure and 2 6% (8) disagreed that opportunities for advancement were available for them in the firm. Thus, most of the respondents consider the organization as having created opportunities for the employees to advance their careers. (Mean= 4.02, S.D= 886)

38.0% (n = 119) respondents agreed that with active Management by exception, employees have opportunities for advancement or promotions. 34.8% (n = 109) disagreed strongly, 21.7% ( 68%) were unsure, 5.4% (17) disagreed. The respondents on average agreed that With active Management by exception, employees have opportunities for advancement or promotions (Mean= 4.14, S.D= 790)

Further, the result shows whether active management by exception encourages employees' participation in decision- making 35.8% (112) agreed, 31.3% (98) agreed strongly, 25.9% (81) were unsure, 5.8% (18) disagreed, and 1.3% (4) disagreed strongly. The company therefore mostly permits employees to participate in decision making. (Mean= 3.90, S.D= 956)

On the result whether active Management by exception prepares the organizations for the future. As shown, 41.2% (129) agreed, 36.1% (113) agreed strongly, 21.4% ( 67) were quite unsure, and 1.3% ( 4) disagreed. The majority of the employees felt Active Management by exception prepares the organizations for the future (Mean= 4.12, S.D= 785)

#### 4.1.3 Descriptive analysis of the effect of passive Management by exception on cultural intelligence

STATEMENT	Strongly Disagree	Disagree	Unsure	Agree	Strongly Agree	Mean	Standard Deviation
With passive Management by exception, managers keep employees focused on clear priorities.	2 (0.6%)	8 (2.6%)	56 (17.9%)	167 (53.4%)	80 (25.6%)	4.01	774
Passive Management by exception helps managers make consistently effective decisions.	3 (1.0%)	13 (4.2%)	60 (19.2%)	137 (43.8%)	100 (31.9%)	4.02	857
Passive Management by exception makes a manager a highly effective leader.	0 (0.0%)	4 (1.3%)	77 (24.6%)	130 (41.5%)	102 (32.6%)	4.05	789
Passive Management by exception motivates managers to do best work.	1 (0.3%)	13 (4.2%)	67 (21.4%)	129 (41.2%)	103 (32.9%)	4.02	860
Managers give employees regular feedback on their performance.	0 (0.0%)	10 (3.2%)	82 (26.2%)	122 (39.0%)	99 (31.6%)	3.99	842
Passive Management by exception directs manager to be opened to new ideas, knowledge and skills.	0 (0.0%)	9 (2.9%)	33 (10.5%)	149 (47.6%)	122 (39.0%)	4.23	749

**Source:** Researcher's Fieldwork,2023

Table 4.1.3 displays the findings of the descriptive statistics for Leadership Support. The analysis unveiled that out of the total respondents, 167 (53.4%) of the participants indicated their agreement that... passive Management by exception, managers keep employees focused on clear priorities, 80 (25.6%) of the respondents strongly agreed, 56(17.9%) were Undecided, 8 (2.6%) disagreed and 2(0.6%) disagreed strongly. On the average many respondents agreed that their With passive Management by exception, managers keep employees focused on clear priorities (Mean= 4.01, S.D= 774)

The results shows when the respondents were asked whether passive management by exception helps managers make consistently effective decisions. 137 of the respondents (43.8%) agreed, 100 (31.9%) agreed strongly, 60 (19.2%) were unsure, 13 (4.2%) disagreed and 3 (1.0%) strongly disagreed. It was definitely agreed that Passive Management by exception helps managers make consistently effective decisions. (Mean= 4.02, S.D= .875)

In addition, respondents were asked whether passive management by exception makes a manager a highly effective leader. As shown, 41.5% (130) agreed, 32.6% (102) agreed strongly, 24.6% (77) were unsure, 1.3% (4) disagreed. Hence, it can be deduced that most of the respondents considered their leader effective. (Mean= 4.05, S.D= .789)

Furthermore, the results shows when respondents were asked if passive management by exception motivates managers to do best work. As shown, 41.2% (129) agreed, 32.9% (103) strongly agreed, 21.4% (67) were unsure, 4.2% (13) disagreed, and 0.3% (1) disagreed strongly. Therefore, a greater number of employees acknowledged the fact that Passive Management by exception motivates managers to do best work (Mean= 4.02, S.D= .860)

When respondents were asked if Managers give employees regular feedback on their performance. As shown, 39.0% (122) agreed, 31.6% (99) agreed strongly, another 26.2% (82) were unsure, 3.2% (10) disagreed. From this result it is evident that Managers give employees regular feedback on their performance (Mean= 3.99, S.D= .842)

The respondents take on whether passive management by exception directs manager to be opened to new ideas, knowledge and skills 47.6% (149) agreed, 39.0% (122) agreed strongly, 10.5% (33) were unsure, 2.9% (9) disagreed. Therefore, the majority of the respondents were of the opinion that passive management by exception directs manager to be opened to new ideas, knowledge and skills (Mean= 4.23, S.D= .749).

## 4.2 Hypotheses Testing.

**H0: Contingent reward leadership does not have significant effect on cultural intelligence.**

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.661 <sup>a</sup>	.437	.435	1.848	.437	241.123	1	311	.000	2.046

a. Predictors: (Constant), CRL

b. Dependent Variable: CI

## ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	823.530	1	823.530	241.123	.000 <sup>b</sup>
	Residual	1062.189	311	3.415		
	Total	1885.719	312			

a. Dependent Variable: CI

b. Predictors: (Constant), CRL

## Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.135	1.014		8.020	.000
	CRL	.660	.043	.661	15.528	.000

a. Dependent Variable: CI

R = 0.661  
 $R^2 = 0.437$   
F = 241.123  
T = 15.528

#### Interpretation:

The calculated regression sum of squares, which amounts to 823.530, is notably lower in comparison to the residual sum of squares, which is 1062.189. This suggests that a substantial portion of the variation in the dependent variable remains unexplained by the model. Additionally, the observed significance value of the F statistic (0.000) is less than the established threshold of 0.05, indicating that the variance accounted for by the model is not a result of random chance.

The correlation coefficient, denoted as R, is computed as 0.661, signifying a positive correlation between contingent reward leadership and cultural intelligence. The coefficient of determination, represented by R square, reveals that 43.7% of the variability in cultural intelligence can be elucidated by the model. The utilization of the linear regression model results in a low error of estimate. Moreover, the observed contingent reward leadership coefficient underscores a statistically significant positive relationship between contingent reward leadership and cultural intelligence, as indicated by the t-value of 15.528. Consequently, this supports the rejection of the null hypothesis and affirms the alternative hypothesis.

#### Hypothesis Two

**H0: Active Management by exception does not have significant relationship with cultural intelligence.**

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.291 <sup>a</sup>	.085	.082	2.356	.085	28.844	1	311	.000	1.663

a. Predictors: (Constant), AME

ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	160.048	1	160.048	28.844	.000 <sup>b</sup>
	Residual	1725.671	311	5.549		
	Total	1885.719	312			

a. Dependent Variable: CI

b. Predictors: (Constant), AME

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.609	1.346		12.339	.000
	AME	.300	.056	.291	5.371	.000

a. Dependent Variable: CI

R = 0.291  
 $R^2 = 0.085$   
F = 28.844  
T = 5.371

#### Interpretation:

The computed regression sum of squares (160.048) appears to be lower than the residual sum of squares (1725.671), implying that a considerable portion of the variance in the dependent variable remains unaccounted for by the model. The derived significance value of the F statistics (0.000) is below the

threshold of 0.05, signifying that the variance explained by the model is unlikely to be attributed to random chance.

The correlation coefficient, represented by R, is measured at 0.291, indicating a positive correlation between active management by exception and cultural intelligence. The coefficient of determination, denoted as R square, reveals that approximately 8.2% of the variability in cultural intelligence can be elucidated by the model. The utilization of the linear regression model results in a low error of estimate.

The observed active management by exception coefficient indicates a statistically significant positive correlation between active management by exception and cultural intelligence, as evidenced by the t-value of 5.371. Thus, this validates the rejection of the null hypothesis and the endorsement of the alternative hypothesis.

### Hypothesis Three

**H0: Passive management by exception does not have significant effect on cultural intelligence.**

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.386 <sup>a</sup>	.149	.146	2.272	.149	54.395	1	311	.000	1.717

a. Predictors: (Constant), PME

b. Dependent Variable: CI

ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	280.719	1	280.719	54.395	.000 <sup>b</sup>
	Residual	1605.000	311	5.161		
	Total	1885.719	312			

a. Dependent Variable: CI

b. Predictors: (Constant), PME

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.928	1.480		8.735	.000
	PME	.447	.061	.386	7.375	.000

a. Dependent Variable: CI

R = 0.386

R<sup>2</sup> = 0.149

F = 54.395

T = 7.375

### Interpretation:

The obtained regression sum of squares (280.719) is observed to be smaller than the residual sum of squares (1605.000), suggesting that a considerable proportion of the variability in the dependent variable remains unaccounted for by the model. The significance value of the F statistics (0.000) is below the significance threshold of 0.05, signifying that the variance accounted for by the model is unlikely to be attributed to random chance.

The correlation coefficient, denoted as R, is calculated to be 0.386, suggesting a favorable correlation between passive management by exception and cultural intelligence. The coefficient of determination, denoted by R square, suggests that around 38.6% of the variability in cultural intelligence can be accounted for by the model. The utilization of the linear regression model results in a low error of estimate.

The calculated coefficient for passive management by exception reveals a statistically significant positive association between this leadership approach and cultural intelligence, as indicated by the t-value of 7.375. Hence, this finding supports the rejection of the null hypothesis and the acceptance of the alternative hypothesis.

### 4.3 Discussion of Findings

The findings of this study are discussed under the various objectives of the study.

Hypothesis one was tested using simple linear regression, to ascertain the effect of Contingent reward leadership on cultural intelligence. ( $r = 0.661$ ,  $F = 241.123$ ,  $t = 15.528$ ). This is in line with Nwokocha et al (2015), The study was conducted by researchers who explored the correlation between contingent reward leadership and cultural intelligence within the private sector of the Ethiopian capital. The research employed a descriptive research design. Stratified random sampling was used for the sample selection and a sample of 125 staff were randomly selected from various departments of the firm under study. Survey method was used for collecting the data from the respondents. Questionnaires with five points Likert were used to obtain response. Small amount of quantitative research was used. The study concluded that there was a strong correlation between contingent reward leadership and cultural intelligence.

Hypothesis two underwent examination through simple linear regression to ascertain the connection between active Management by exception and cultural intelligence ( $r = 0.291$ ,  $F = 28.844$ ,  $t = 5.371$ ). This finding aligns with the study conducted by Mousavi et al (2015), which investigated the influence of active management by exception on cultural intelligence among private university staff in Pakistan. The study had a target population of 380 employees. A sample size of 400 was derived with the use of "krejci and Morgan formula". The study used primary data to obtain information which involved a per-paper survey and online Google forms consisting of questionnaires. The research followed a cross-sectional quantitative approach with probability sampling. The population was divided using the stratified random sampling technique. The study's findings revealed a positive correlation between active management by exception and cultural intelligence.

Hypothesis three was tested using simple linear regression, to investigate the effect of passive Management by exception on cultural intelligence. ( $r = 0.386$ ,  $F = 54.395$ ,  $t = 7.375$ ). This is in line with Rockstuhl et al (2018), who examined the impact of passive management by exception on cultural intelligence in Coca-Cola, Nepal. The research for this study was performed using descriptive research methods. Data was gathered from a primary source by using organized and structured questionnaires. A group of 120 participants are involved in which 91 of them responded and 24 of them didn't reply back, making the response rate to the questionnaire 74% adequate. The result of the study showed passive management by exception had a positive relationship on cultural intelligence.

### 4.4 Summary Table of Findings

The summarized outcomes of the hypothesis testing are presented in the following table:

Model	Hypothesis	P-Value	Outcome
1	$Y = \alpha_0 + \beta_1 x_1 + \mu$	$P < 0.5$	HO1 rejected
2	$Y = \alpha_0 + \beta_2 x_2 + \mu$	$P < 0.5$	HO2 rejected
3	$Y = \alpha_0 + \beta_3 x_3 + \mu$	$P < 0.5$	HO3 rejected

The hypotheses proposed for models 1, 2, and 3 were rejected since their p-values were below 0.05, indicating a significant analysis.

### 5.1 Conclusion

This study underscored the importance of transactional leadership styles in navigating the complexities of cultural diversity within organizations. The findings highlighted the significant positive effects of contingent reward leadership, active management by exception, and passive management by exception on cultural intelligence. This implies that there was a strong correlation between contingent reward leadership



and cultural intelligence, revealed a positive correlation between active management by exception and cultural intelligence and also showed passive management by exception had a positive relationship on cultural intelligence. This supports the notion that transactional leadership can be an effective approach in enhancing employees' abilities to interact effectively across diverse cultural contexts. The study also emphasized that fostering cultural intelligence is crucial for organizational success in a globalized business environment. The recommended strategies, including cross-cultural training and exposure to various leadership styles, can contribute to the development of employees' cultural intelligence, thereby enabling them to adapt and thrive in multicultural settings. By aligning leadership practices with the principles of cultural intelligence, organizations can enhance their overall performance, productivity, and innovation.

## 5.2 Recommendations

- i. Organizations are expected to embrace the transactional leadership styles as it is the best tool to boost cultural intelligence in the 21<sup>st</sup> century. It is a credible fact that applications of transactional leadership style (reward and punishment system) has motivated employees to put in their best to enhance performance because of the fear of punishment,
- ii. Transactional leadership style, the driver of the cultural intelligence, should be adopted both in the service and non-service industries to enhance performance across the globe as it stands as a tool to measure employee's readiness to add to organizational productivity.

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