

**TRANSACTIONAL LEADERSHIP STYLE AND EMPLOYEE SATISFACTION
IN WATER SERVICE INDUSTRY IN KENYA: CASE OF MALINDI WATER
AND SEWERAGE COMPANY**

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ABSTRACT

Employee satisfaction among organizations requires an optimal mix of leadership styles. Managers of firms grapple with the various leadership styles that can suit their organizational employees, so as to satisfy them. Data from water services companies in Kenya indicates a grim picture on the state on employee satisfaction levels. The purpose of this study was to examine transactional leadership and employee satisfaction in the water service industry: a case of Malindi water and Sewerage Company limited. The study objectives were to determine the effect of contingent reward on employee satisfaction in the water service industry; to evaluate the effect of active management by exception on employee satisfaction in the water service industry; to assess the effect of passive management by exception on employee satisfaction in the water service industry. This study was guided by three theories namely the transactional theory of leadership, the fulfilment theory and the discrepancy theory. This study adopted a descriptive research design. The target population was 206 employees of Malindi water and Sewerage Company limited. The sample size of this study was 62 respondents. A questionnaire was used and data was analyzed through SPSS. Findings revealed that; there is a negative and significant relationship between contingent reward and employee satisfaction in Malindi Water and Sewerage Company limited; there is a negative and insignificant influence of management by exception on employee satisfaction in Malindi Water and Sewerage Company limited; there is a positive and insignificant influence of passive management by exception on employee satisfaction in Malindi Water and Sewerage Company limited. Overallly, contingent reward, active management by exception and passive management by exception positively and insignificantly affect employee satisfaction in Malindi Water and Sewerage Company limited. This study recommends that the company should be fair in its appraisal and reward scheme. It is a recommendation of this study that managers should concentrate on successes at the workplace. The management of the company should encourage the employees to be proactive in the course of performing their duties. It is a recommendation of this study that accomplishments be recognised and rewards be instituted.

Keywords: *transactional leadership , employee satisfaction , water service industry*

INTRODUCTION

Businesses are faced with a dynamic environment with increased competition and slower growth prospects. Employees who exhibit satisfaction drive the organization towards the realization of its vision. Organizations where employees are satisfied are more likely to achieve better performance than those where the employees are dissatisfied with their jobs. Employee satisfaction is the way to improve performance (Mickson, Anlesinya & Malcalm, 2020) effectively. Organizations must therefore strive to ensure that employees are satisfied in their jobs.

Employee satisfaction is measured by how much they strive to meet predetermined objectives. Employee satisfaction, according to Mkheimer (2018), is measured by how positively employees view their work. When the response is favourable, the employee is satisfied, and when it is unfavourable, the employee is unhappy with the work (Maundu, Namusonge & Simiyu, 2020). Employee satisfaction and discontent, according to Mashudi, Fauziah and Kapita (2020), are influenced by the working environment. Higher organisational rewards, reduced convenience costs, and intrinsic benefits, according to Kumalo and Scheepers (2021), increase employee satisfaction.

Employee satisfaction is the attitude a person has towards their work (Kateb, 2019). According to the author, factors such as income, the actual work itself, supervision, promotions, and associates all contributed to employee satisfaction. Employee satisfaction was described by Locke (1976) as an emotional-affective reaction to a job or particular job-related features. Locke concurred with Parvin and Kabir (2011) compensation, work itself, promotions, surveillance, and relationships with associates are all useful factors in determining employee satisfaction. Employee contentment is the degree to which associates are fulfilled or dissatisfied with their jobs. The elements that satisfy a person's urge for psychological development are known as satisfiers.

On the other hand, dissatisfiers are rewards that just stop someone from "feeling lousy" about their labour. He evaluated employee satisfaction in terms of perks, salary, the actual work performed, promotions, management, interactions with co-workers, contingent rewards, communication, and working practices. Employee satisfaction is characterized by Karya, Mardhotillah and Sahrin (2021) as a general manifestation of a worker's positive attitude. According to them, a person who has high employee satisfaction looks to have attitudes that are generally positive, whereas a person who is unsatisfied typically has views that are unfavourable to their jobs. These attitudes are crucial aspects of the profession, just like the actual labour itself, salary, prospects for advancement, supervision, and relationships with co-workers.

Transactional leadership entails the working together of the employees and their leaders towards the realization of set objectives (Jacobs & Mafini, 2019). The harmonious working of these two groups will reduce conflicts and increase efficiency in company operations. In transactional leadership, leaders reward the best performing employees (Hoxha & Hyseni, 2017). The performing employees are rewarded while those not performing are disciplined as per the organization's human resource policies. This style of leadership encourages employee responsibility as the specific tasks contribute towards the attachment of set targets or goals. The onus is thus on the employee to figure out how to navigate and attain those targets.

Globally, transactional leadership is practiced in many organizations. According to Prasad and Junni (2016), who did a study in Finland, transactional leadership enhances employee satisfaction. This has a bearing to organizational performance. These results corroborate with those of a study done in Indonesia by Lumbantoruan et al. (2020) who investigated that transactional leadership is positively associated with employee satisfaction. Competition for human resources set in. Organizations compete for the best quality of human resources. The latter are implicated in the routine activities of the companies, thereby an important factor in achievement of set objectives. Through employee satisfaction, better organizational performance is realized. Burns identified transactional leadership while Bass (1998) applied Burn's theory to the management of an organization.

Regionally, organizations' existence depends on their adaptability to dynamism and their ability to promote the creation of new ideas and adoption of technology to increase efficiency in their operations (Zelege & Obang, 2021). The business environment is marred by increasing competition and efficiencies. A study carried out in South Africa by Omonona and Obamen (2019) summarized that managerial leadership accounted more to employee contentment and accomplishment than the other leadership styles. Through transactional leadership, the study recommended, organizations could achieve profitability and sustainability.

Kenya's corporates are characterized by boards that make decisions that are pushed down to employees for implementation. The views and suggestions of the employees are seldom sought. These corporations are driven by profit motive. The board is more concerned with maximizing shareholder wealth and meeting set targets than employee satisfaction and welfare. Through transactional leadership, employees should meet their targets while at the same time be satisfied with their jobs (Wuryanti & Rismawan, 2020). Through effective leadership, employees are motivated and derive satisfaction from their daily tasks. This enhances employee satisfaction. It is important that employees are well informed of decisions at board level and how they would improve the company's fortunes. These employees should also be trained on the means to achieve set objectives.

According to Otieno and Njoroge (2019), there is a pressing need to carry out a study into the leadership styles that are most frequently associated with employee performance in universities. This is because the Kenyan university system has been plagued by a variety of issues that have led to the national universities being ranked poorly globally. Charismatic leadership was most utilized at universities, later by transactional leadership, delegative, and authoritarian management, which was minimal. Performance of the workforce was above average. Two years after gaining independence, in 1967, the government of Kenya began a campaign to enhance water services. At that time, basic water and sewage systems were nationalized, enabling the government to expand its offerings and encourage development for the benefit of its people (Chepyegon & Kamiya, 2018). The Kenyan

constitution, which was enacted in 2010, also recognizes the joy of safe and clean water in sufficient amount by individual Kenyan person as a fundamental liberty, in addition to the water use outlined in the scheme. The water function was likewise devolved to the county level by the same constitution, but policy decisions and standards and quality regulation remain at the national level.

Malindi Town, in Kilifi County, is home to Malindi Water and Sewerage Company (MAWASCO). The utility began operating fully on February 1, 2006. This was due to the passage of the Water Act, which led to extensive water sector changes in Kenya by separating the management of water resources from the provision of services. As the water service provider in charge of providing water and sanitation services in Malindi, MAWASCO is entrusted with providing its consumers with enough standard water and suitable hygienical services in the most practical and fair way possible. Infrastructural maintenance is also necessary for the delivery of water and sanitation services. The company's sole line of business is administering water and hygienical services to the inhabitants, with an approximated water output of 21,000 m³/day compared to a need of 44,353 m³/day. With a permit covering an area of around 8,300 km² and a population of 572,652 people, MAWASCO is authorized to provide water. As of now, coverage for water and sanitation is 79% and 27%, respectively, up from roughly 73% and 21% as of 2019.

OBJECTIVES OF THE STUDY

This study will be guided by the following objectives:

- i. To determine the effect of contingent reward on employee satisfaction in the water service industry.
- ii. To evaluate the effect of active management by exception on employee satisfaction in the water service industry.
- iii. To assess the effect of passive management by exception on employee satisfaction in the water service industry.
- iv. To assess the joint effect of contingent reward, active management by exception and passive management by exception on employee satisfaction in the water service industry.

STATEMENT OF THE PROBLEM

Employee satisfaction among organizations requires an optimal mix of leadership styles. Managers of firms grapple with the various leadership styles that can suit their organizational employees, so as to satisfy them. Employees are human beings who have their needs and wants. There is the challenge of ensuring that these employees are satisfied so that they contribute towards the organizations' vision. There have been concerns from managers that there is no one leadership style that fits organizations to ensure that employees are satisfied (Harmin, Syaifuddin & Nur, 2019). Dissatisfied employees do not settle in companies hence the workforce turnover is maximum. Workers who are contented can better perform assigned duties which would in turn lead to better performance and achievement of targets.

Data from water services companies in Kenya indicates a grim picture on the state on employee satisfaction levels. Specifically, in Malindi water and sewerage company limited, employee turnover is 6% against the industry average of 2% (Malindi Water and Sewerage Company, 2021). The company rarely promotes its internal staff as it prefers getting new staff through hiring. Consequently, the company's financial performance has been declining year on year. Its year 2020 revenues fell by 6%, compared to the previous year (2019 revenue was kshs 466,226,456 while 2020 was kshs. 436,701,096 – (Malindi Water and Sewerage Company, 2021). Employees are therefore not motivated to improve performance.

Earlier studies show that there are conflicting findings on managerial leadership and occupational contentment. Mwakasangula and Mwita (2021) investigated the impact of different types of management authority on employee satisfaction and found a powerful health association between transactional management and occupational contentment. In the same breadth, Harmin et al. (2019) noted that transactional leadership significantly and favorably affects employee performance. On the contrally, Samson and Ilesanmi (2019)

found out that transactional leadership style does not have an influence on employee satisfaction and ultimate performance. Similarly, Setiani and Rizaldy (2021) found that transactional leadership has a low growing correlation with workers production. This creates a knowledge gap that this study seeks to fill. Additionally, these studies were carried out outside Kenya, hence a contextual and experimental gap, which this research findings tends to close. Thus, the study examines transactional management and associate contentment in the water service plant: a condition of Malindi water and Sewerage Company limited.

LITERATURE REVIEW

Theoretical Literature Review

Transactional Theory of Leadership

The study is guided by the transactional theory of leadership, the fulfillment theory and the discrepancy theory. Weber (1947) proposed the transactional theory of leadership. Another proponent of this theory was Bass (1994). According to this theory, leaders motivate and direct their followers mainly through enhancing interest in tasks and activities. These leaders' powers are mainly derived from formal authority and responsibility in the organization. Transactional leaders fulfil the requirements of their juniors by bargaining and persuasion. They therefore expect their subordinates to achieve the set targets in the shortest time possible, while efficiently solving problems facing the organizations.

Transactional leaders give rewards for achievement of set goals. This is to encourage the subordinates to work even harder to achieve higher goals set. The leader clearly defines goals to the juniors and encourages them to attain the set goals (Singer & Singer, 2001). Whenever junior employees perform to the best of their ability and meet the set goals, then the managers reward them (Densten, 1999). This is intended to motivate the subordinate to accept higher set established goals and put effort into achieving them. When employees fall short of expectations, managers must act (Densten, 1999). The manager explicitly defines the goals and explains them to the team members. The leader then keeps track of the team's progress and makes any necessary adjustments as soon as there are any discrepancies. This

theory is applicable to this finding as it explains how active management by exception affects employee satisfaction.

The Fulfillment Theory

Herzberg (1976) developed the fulfillment theory. According to the theory, employees will only be satisfied if their needs are fulfilled. The more they earn, the more they will be satisfied. The more the desires of employees are fulfilled, the better the satisfaction derived from the employees. As stated by the theory, associates occupational fulfilment correlates with the needs of employees. An employee's willingness to work in a certain area or department is also crucial to employee satisfaction (Herzberg, 1976). Satisfaction is the result of what an individual receives from a job and what is perceived receivable for the job. Employee satisfaction results from what an employee receives and what the employee thinks should be receivable from the job (Locke, 1969). According to Herzberg (1979), an employee derives satisfaction from what the job he does offers. Employee satisfaction is thus personal issue that the management of any organization cannot ignore. The fulfilment theory is applicable to this finding as it explains the reward system that is one of the ways to motivate employees to perform. The fulfillment theory suggests that contingent rewards to employees make them feel satisfied. A satisfied employee is a motivated employee.

The Discrepancy Theory

Locke (1969) proposed the discrepancy theory. The theory explains the discrepancy between what employees expects to get from a job and what they actually get. The employees hope to get fair benefits and remuneration from the work that they do. The employees measure the work done against the benefits that accrue to them. The employees therefore work in anticipation of attaining their expectations of the job. Discrepancy theory emphasizes on what the employees expect from employers.

Locke (1969) indicated that employees work towards the achievement of set goals while anticipating that their needs will be taken care of. An employee's contribution to the job is also important. The employees measure their contribution to a job and what they actually

get from the job. If there is a negative discrepancy then the employees won't be satisfied and may hinder the performance of allocated tasks. On the other hand, if employees' needs are well taken care of, they will be motivated to work better. This would enhance productivity and job accomplishment.

The discrepancy theory is applicable to the findings as it explains the expectations of the employee vis-à-vis the rewards as expounded by transactional leadership. It's thus relevant in explaining how passive management by exception affects employee satisfaction. The latter rewards employees who perform and punishes those who don't. The theory, therefore, fulfills the expectations of hardworking employees - they are rewarded for their efforts.

Empirical Literature Review

Asgari, Mezginejad and Taherpour (2020) looked studied the correlations between organizational citizenship behavior and transactional leadership. Two hundred and fifty employees were used as the sample size for the investigation. Two research design methods were used in the research findings (correlational and descriptive). The results demonstrated that going above and beyond is positively and remarkably affected by transactional management. Furthermore, the correlation between transactional and transformational management and workers' corporate citizenship act is moderated by workers' insights of institutional support.

Even though managerial leadership is acknowledged to be the most prevalent type of management in institutions, Young, Glerum and McCord (2021) acknowledge that systematic work review has not completely uncovered the connection between managerial authority and one of the most important management results: advocate achievement. Furthermore, nothing is familiar about the process that account for the way that managerial authority foretells advocate achievement. To fill these spaces, the study systematic work review assessed a model based on self-determination theory and social exchange theory. While some managerial styles may enhance performance by making good additions to the symbiotic interaction, other leadership styles may have the opposite impact by de-empowering followers. The findings show that contingent reward had indirect effects on

employee satisfaction that were both favorable and unfavorable. The pattern of these effects also applied to task performance and contextual performance, two different categories of performance. These results suggested that when it comes to forecasting employee satisfaction, transactional leadership has two sides.

According to Karya, Mardhotillah and Sahrin (2021), the first goal of every institution is to carry out its vision and mission. The first stage in achieving organizational goals is to shape the owned human resources so that they correspond to the organization's demands. Because the leader determines the organization's performance policies, the leader typically initiates the procedure of forming the act of every person within the organization. The aim of this research finding was to identify a financial institution's transactional leadership style. This management approach affects commitment and satisfaction, which will then boost workers satisfaction. The study used statistical methods. The study also discovered that organizational commitment and job satisfaction had a major impact on workers satisfaction. The outcome implied that management style had a substantial impact on occupational contentment and organizational dedication.

Alsolamy (2021) highlighted that the combination of the financial and non-financial rewards promotes staff motivation and encourages them to work towards the attainment of set goals. The study sampled 615 employees. These rewards offer motivation to the employees to benefit of the organization and drive it towards realization of company vision. Partial rewards have shown to be less effective in enhancing employee loyalty and commitment. Partial rewards do not give incentives to the employees, as opposed to financial and non-financial rewards.

Saad and Abbas (2019) conducted a study on managerial leadership and employee contentment. The study discoveries were assisting with challenges and preventing problems which had a good correlation with workers contentment. The study employed questionnaires to 180 employees. Interviews were also done. The study recommended that involvement of the state in enhancing employee safety as it would enhance motivation and productivity.

Jensen et al. (2020) used secondary data and examined the link between chief executive officer transactional leadership and business performance. The study used a random sample of 42 administrators from publicly traded companies in the United States and Europe. It assessed their active management by exception using content analysis of media sources to construct individual chief executive officers' profiles. The chief executive officers were then judged on their active management by exception style by a panel of three judges. Thomson Data stream provided them with firm performance statistics. The study disclosed a link between act assisting with challenges and prevention problems and employee satisfaction.

Baah and Addo (2018) conducted a study to compare idealized effect under managerial authority versus problem solving approach under transactional leadership. A designed questionnaire was used in the research study to gather information from 278 respondents using a cross-sectional research design and a statistical methodology. With 264 valid responses, covariance-based casual modeling was utilized to examine the information and evaluate the hypotheses. The outcome of the investigation implied that idealized influence had good, noteworthy effects on both employee safety involvement and compliance. Protective involvement, but not protective conformity, benefited from management by exception. The research's findings provided leaders and policy makers in organizations with useful practical implications for encouraging employees to practice excellent safety behaviors and enhancing overall organizational safety performance.

Skudiene, Kvedaravičiene, DemeSko and Suchockis (2018) looked at how leadership styles influenced creative work practices. The relationship between managerial and transformative management authority and creative occupational act was examined, and waning influences of external and internal locus of control were also examined. The results showed how crucial it is to match the locus of control of employees with the transformational and transactional leadership philosophies in order to convert institutional and personal resources into creative results. The findings indicated that leadership intervention has a higher relationship to external locus of control than contingent reward

does with internal act of doubting, demonstrating that increasing external employee incentive may encourage employees to engage in creative work behavior. Different leadership techniques have a special relationship with certain subordinates who have a locus of control, which suggests that if they are used with this particular group of people, they will be more effective.

Brahmananda (2019) examined transactional leadership and job satisfaction in India. The study adopted simple random sampling and issued questionnaires to 250 respondents. The findings indicated an association between authority intervention and workers contentment. The study recommended the close tracking and corrective action on employee mistakes so as to enhance employee satisfaction.

Rizki et al. (2019) evaluated passive management by exception and employee satisfaction in Indonesia. The analysis was quantitative. It sampled 100 employees of various organizations. The study results indicated a good association between leadership intervention and employee contentment. The study further indicated an insignificant association between passive management by exception and innovation. There was also a good correlation between innovation and employee satisfaction. Their study proposed that the governance of organizations should motivate their staff or workers to come up with innovative ways of enhancing employee satisfaction. The company goals should be well spelt out to staff and through transactional leadership, the employees should be led to achieve the set goals.

Lumbantoruan et al. (2020) examined transactional leadership and employee satisfaction. The study employed a questionnaire to collect data from 105 respondents. An association between intervening leaders and workers satisfaction was revealed. This study proposed that employees ought to work better to get benefits. The study also recommended that managers should guide and monitor employees under their watch to avoid mistakes and correct them immediately when they wrong. The study did not differentiate between passive and active management leadership.

Putu, Wahyuni, Purwandari, Yanuar and Syah (2019) sought to analyze and assess the impact of managerial management on workers satisfaction. This study focused on manufacturing companies. 140 correspondents in total were chosen for the study. This study engaged the Analysis of Moment Structures software's exploratory technique to investigate the data hypotheses. The study identified a crucial and productive relationship between managerial leadership and worker contentment. A corporation can boost employee satisfaction if the organizational culture and transactional leadership are backed by motivation.

Employee commitment's potential to moderate the link between managerial authority and worker contentment was investigated by Mahfouz, Halim, Bahkia and Alias (2022). Worker satisfaction is crucial for any firm to obtain its main objectives and endure in a competitive sell. The degree of commitment among employees is impacted by the sort of type of managerial authority. Additionally, in order for leaders to maintain their workforce motivated and satisfied, employee commitment is crucial (Riaz et al., 2017). The study finding looked at the importance of worker dedication as a mediating factor in the link between managerial authority type and employee contentment among Malaysian construction industry employees. The target demographic participated in a self-administered survey that was evaluated using structural equation modeling utilizing the simple random sampling technique. As a result, employee commitment had a considerable impact on employee satisfaction while transactional leadership style showed to be unimportant in this regard. The correlation between managerial authority type and worker contentment was totally mediated by managerial leadership, which had a major impact on employees.

Data, in Wakachala, Likoko and Barasa (2021) study, was gathered through the use of question sheets and assignments. Through the test-retest procedure, the instruments' reliability was assessed, and a measure of internal consistency of 0.734 was calculated, which was considered adequate for using the questionnaires in the actual study. Supervisors had access to research instruments, and they determined the accuracy of the tools by determining the relevance of the elements. Frequencies, means, and independent samples

were used in the data analysis. To compare differences between the two separate groups of schools, t-test statistics were used. This research finding did not succeed to find a crucial connection between managerial leadership style and unrest among students.

In their study of the effect of type of managerial authority and workers capability on workers acts, Ayulina, Eniarti, Ismu and Gita (2023); included job contentment as an intervening variable. In the study they explain the impact of managerial leadership style and associate's proficiency on worker acts with performance contentment as an intervening variable. A study approach was adopted with a sample of 73 respondents using a question sheets; information was examined using possibility sampling. This study tool uses (PLS) Partial Least Square. The research of the finding stated that managerial authority affects employee satisfaction. Managerial type of authority has a productive impact on workers production; worker proficiency has a productive impact on workers performance.

RESEARCH DESIGN AND METHODOLOGY

A research design should be purposeful and consistent with research questions (Sekaran & Bougie ,2016). A qualitative research design was adopted. This layout was relevant to the research study as it enabled the researcher achieve the study objectives. The methodology and technique framework outline how the various study components—such as the target population and data collection tools—are coordinated during research execution in order to reach valid conclusions (Abutabenjeh & Jaradat, 2018).

Malindi water and Sewerage Company limited has a total of 206 permanent employees, who were this study's target population. These employees worked full time in the company and their responses would enhance the credibility of the study. To sample the respondents, the study employed the 10 – 30 percent suggested by Mugenda and Mugenda (2019). Therefore, the sample size of this study was 62 being 30% of the entire population. The analysis used stratified random sampling technique. Employees were sampled from each category. This allowed equal chance of every employee in each category to be selected for the study.

A questionnaire was used in the research. A question sheet approach is used to gather information from a large sample (Regmi et al., 2017). The question sheets were used to gather information on the employees' background, problem solving, contingent reward, and leadership management by exception on worker production in Malindi Water and Sewerage Company Limited. Subjective questions were also included in the questionnaire to enable the participants express themselves or give more information.

Six employees participated in the study's pilot. The study used the accuracy test to make sure that the Information collection tools are accurate and doing so consistently. To ascertain whether the instrument shows consistency and accuracy, credibility was used in the study. On the other hand, reliability of the research instrument will be tested by the measure of internal consistency. A value of 0.7 or more will be considered well regulated.

Primary information was gathered using a questionnaire. Respondents received questionnaires in time to enable fast response. This was followed up with calls to enhance swift responses. The questionnaire consisted of 5 sections that is background of the respondents, independent variables responses sections and a section on employee satisfaction at Malindi water and Sewerage Company limited.

Questionnaires were used to gather the primary information. The questionnaires were examined by the researcher to make sure they are correct and comprehensive. Microsoft Excel was used to enter the data. In order to analyze the frequencies, descriptives, correlations, and regression analyses, the SPSS (Version 26) was used. The dependent variable, employee satisfaction at Malindi Water and Sewerage Company Limited, was associated with each independent variable. A multiple regression model was utilized to explain the dependent variable (employee satisfaction) in terms of the independent variables:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where: Y is the worker satisfaction, β_0 is a constant, $(\beta_i; i=1, 2, 3)$ are the Beta coefficients, X_1 is contingent reward, X_2 is active management by exception, X_3 is passive management by exception and ε is the error term

RESEARCH FINDINGS

A total of 62 question sheet approach were provided to the participants. The finding examined 57 questionnaires, which were successfully filled and returned. This was a reaction rate of 92%, as summarized in Table 1

Table 1: Response Rate

Category	Sample	Response	Response Rate
Top Management	2	1	50%
Middle Management	6	5	83%
Supervisors	8	6	75%
Field staff	46	45	98%
Total	62	57	92%

Source: Research Data

Mugenda & Mugenda (2002) recommended that a response rate of 70% and above is excellent. Consequently, the overall response rate of 92% enhanced the credibility of the study's results.

A pilot study was carried out at Malindi Water and Sewerage Company Limited. This was meant to test the reliability of the questionnaire. Table 2 illustrates the results of the pilot study's reliability outcomes:

Table 2: Reliability Results

Variable	Item	Alpha Value	Recommendations
contingent reward	5	0.972	Reliable

active management by exception	5	0.877	Reliable
passive management by exception	5	0.851	Reliable
employee satisfaction	5	0.926	Reliable

Source: Research Data (2022)

Cronbach Alpha was calculated for all the variables. The coefficient for employee satisfaction was 0.926, contingent reward was 0.972, challenge prevention approach was 0.877 and leaders' intervention was 0.851. All the variables had reliability values higher than 0.7, which was considered adequate in the study. The study instrument's validity was achieved through the university supervisor's professional opinion. Upon adequate advice from the supervisor, the questionnaire was examined and accepted.

The study ought to determine population information of the participants. The features considered in the study were; gender, age, education level and work experience. From the 57 participants, 30 participants, which is 52.6% were male and 27 participants which is 47.4% were female. Hence, most of the respondents were male. Both genders were well constituted in the research findings; hence no gender biasness. From the 57 respondents, 5 of them which is 8.8% were below 20 years of age, 18 respondents which is 31.6% were aged between 21-29 years, 19 respondents which is 33.35% were aged between 30-39 years, 12 respondents which is 21.1% were aged 40-49 years and 3 respondents which is 5.35% were aged between 50-60 years. Hence, most of the participants were aged 30-39 years. There was fair spread of the respondents' age; hence their responses would be relied on to make credible findings for the study.

From the 57 respondents, 2 respondents which is 3.5% had primary education, 19 respondents which is 33.35% had secondary education, 27 respondents which is 47.4% had college education and 9 respondents which is 15.8%, had university education. Hence, most of the participants had tertiary education. Their responses for the study questions could be relied on to make credible findings and conclusions. From the 57 respondents, 1 respondent which is 1.8%, had below 2 years' experience, 20 respondents which is 35.1% had between 3-5 years' experience, 31 respondents which is 54.4% had 6-10 years' experience and 5

respondents which is 8.8% had over 10 years' experience. Hence, most of the participants had between 6-10 years' experience. This is considered adequate experience for reliance to make credible findings, conclusions and recommendations for the study.

The finding determined the impact of contingent reward on worker satisfaction in Malindi Water and Sewerage Company limited. The results are shown in Table 3

Table 3: Contingent Rewards Descriptives

Statement	N	Mean	Std. Deviation
Superior recognises me for work done	57	4.74	0.444
Superior rewards me for work done	57	4.67	0.476
My superior helps me do my work	57	4.67	0.476
My superior expresses satisfaction for work	57	4.63	0.487
Superior gives deliverables for tasks	57	4.68	0.469
Aggregate Mean		4.68	

Source: Research Data

The participants agreed that Malindi Water and Sewerage Company limited superiors recognise their work (Mean=4.74; SD=0.444). Additionally, the participants agreed that their superior rewarded them for work done (Mean=4.67; SD=0.476). The participants agreed that their superior helped them do their work (Mean=4.67; SD=0.476). Moreover, the participants agreed that their superiors expressed satisfaction for their work (Mean=4.63; SD=0.487). From the study, superior gave deliverables for tasks done (Mean=4.68; SD=0.469). The overall mean of 4.68 indicates that the contingent rewards was successfully used in the organization. These results concur with those of Puni, Mohammed and Asamoah (2018) who explained that a contingent reward system promotes employee satisfaction. Additionally, Ensour, Zeglat and Shrafat (2018) concluded that fair reward systems in organizations promoted employee satisfaction.

The study evaluated the effect of active management by exception on employee contentment in Malindi Water and Sewerage Company limited. The results are shown in Table 4.

Table 4: Management by Exception Descriptives

Statement	N	Mean	Std. Deviation
Superior usually concentrates on failures	57	4.74	0.444
Superior tracks mistakes at work.	57	4.86	0.350
There is punishment for mistakes in tasks.	57	4.86	0.350
My superior emphasises failures to guide tasks.	57	4.81	0.398
My superior waits for failure then act.	57	4.84	0.368
Aggregate Mean		4.82	

Source: Research Data

The participants agreed that Malindi Water and Sewerage Company limited superiors concentrate on failures (Mean=4.74; SD=0.444). Additionally, the participants agreed that their superior track mistakes at work (Mean=4.86; SD=0.350). The participants agreed that there was punishment for mistakes in tasks (Mean=4.86; SD=0.350). Moreover, the participants agreed that their superiors emphasised failures to guide tasks (Mean=4.81; SD=0.398). From the study, superior wait for failure then acts (Mean=4.84; SD=0.368). The overall mean of 4.82 indicates that active management by exception was successfully executed in the organization. These results agree with those of Mkheimer (2018), who stated that transactional leadership promotes the ownership of company vision and encourages employees to work towards the achievement of set objectives. Additionally, Hall (2018) study findings indicated an insignificant association between problem solving management by exception and worker contentment.

The study assessed the effect of active management by exception on employee satisfaction in Malindi Water and Sewerage Company limited. The results are shown in Table 5.

Table 5: Passive Management by Exception

Statement	N	Mean	Std. Deviation
Superior acts whenever things go wrong.	57	4.81	0.398
Superior analyses disparities from expected outcomes.	57	4.88	0.331
Superior recommends achievements to other staff.	57	4.89	0.310
My superior is keen on accomplishments.	57	4.91	0.285
My superior acts in a way to draw respect.	57	4.95	0.225
Aggregate Mean		4.89	

Source: Research Data

The participants agreed that Malindi Water and Sewerage Company limited superiors act whenever things go wrong (Mean=4.81; SD=0.398). Additionally, the participants agreed that their superiors analyse disparities from expected outcomes (Mean=4.88; SD=0.331). The participants agreed that superiors recommend achievements to other staff (Mean=4.89; SD=0.310). Moreover, the participants agreed that their superiors were keen on accomplishments (Mean=4.91; SD=0.285). From the study, superiors act in a way to draw respect (Mean=4.95; SD=0.225). The overall mean of 4.89 indicates that passive management by exception was successfully executed in the organisation. These results agree with those of Hassi (2019), who investigated transactional leadership on employee job satisfaction in Italy. The study showed that the recognition of employees for their work had a positive relationship with employee satisfaction. Likewise, Brahmananda (2019) examined transactional leadership and job satisfaction in India. The findings indicated an association between passive management by exception and employee satisfaction.

The study sought to examine employee satisfaction in Malindi Water and Sewerage Company limited. The results are shown in Table 6.

Table 6: Employee Satisfaction

Statement	N	Mean	Std. Deviation
Performance of my tasks has improved.	57	4.77	0.423
There is career progression in the organisation.	57	4.93	0.258
I finish my tasks in time.	57	4.95	0.225
There are increased promotions for employees.	57	4.91	0.285
Aggregate Mean		4.89	

Source: Research Data

The participants agreed that their tasks performance had improved (Mean=4.77; SD=0.423). Additionally, the participants agreed that there was career progression in the organisation (Mean=4.93; SD=0.258). The participants agreed that they finished their tasks on time (Mean=4.95; SD=0.225). Moreover, the participants agreed that there were increased promotions for employees (Mean=4.91; SD=0.285). From the study, superiors act in a way to draw respect (Mean=4.95; SD=0.225).

Results of correlation analysis is shown in Table 7

Table 7: Correlation Analysis

		EMPLOYEE SATISFACTION	Contingent Reward	Active Mgt by Exception	Passive Mgt by Exception
EMPLOYEE SATISFACTION	Pearson	1	-.269*	-0.243	0.061
	Correlation				
	Sig. (2-tailed)		0.043	0.069	0.650
	N	57	57	57	57
Contigent_Reward	Pearson	-.269*	1	.427**	0.137
	Correlation				
	Sig. (2-tailed)	0.043		0.001	0.309
	N	57	57	57	57
Active_Mgt_by_Excep tion	Pearson	-0.243	.427**	1	0.028
	Correlation				
	Sig. (2-tailed)	0.069	0.001		0.835
	N	57	57	57	57
Passive_Mgt_by_Exce ption	Pearson	0.061	0.137	0.028	1
	Correlation				
	Sig. (2-tailed)	0.650	0.309	0.835	
	N	57	57	57	57

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Research Data

The study confirmed a crucial negative relationship between contingent reward on employee satisfaction in Malindi Water and Sewerage Company limited ($r=-0.269$, $p=0.043$). The correlation between active leadership by exception and employee satisfaction in Malindi Water and Sewerage Company limited was negative and insignificant ($r=-0.243$, $p=.0.069$). Passive management by exception had improvement and insignificant correlation with employee contentment in Malindi Water and Sewerage Company limited ($r=0.061$, $p=0.650$).

RESULTS OF HYPOTHESIS TESTING

The research findings carried out an Ordinary Least Square (OLS) to examine how the independent variables impact the dependent variable. The first primary objective of the study determined the impact of contingent reward on employee satisfaction. The primary hypothesis of the finding was; H₀₁: There is no significant correlation between contingent reward and associate's contentment in Malindi water and Sewerage Company limited. The results are shown in table 8.

Table 8: Hypothesis on Contingent Rewards on Employee Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	5.830	0.454		12.844	0.000	4.920	6.740
	Contigent_Reward	-0.201	0.097	-0.269	-2.073	0.043	-0.395	-0.007

a. Dependent Variable: EMPLOYEE SATISFACTION

Table 8 indicates $t=-2.07$; $p=0.04$ shows that contingent reward is a significant determinant of employee satisfaction in Malindi water and Sewerage Company limited. The model was significant. Also, the model's beta ($\beta = -0.269$, $p < 0.05$) indicates that employee satisfaction in Malindi water and Sewerage Company limited would change by -0.269 standard deviations when contingent reward changed by one unit. Therefore, the null hypothesis that there is no significant correlation between contingent reward and employee satisfaction in Malindi water and Sewerage Company limited is rejected. These results concur with those of Puni, Mohammed and Asamoah (2018) who explained that a contingent reward system promotes employee satisfaction. Additionally, Ensour, Zeglat and Shrafat (2018) concluded that fair reward systems in organizations promoted employee satisfaction. The study looked into the second specific objective which evaluated the effect

of challenges and prevention approach on employee satisfaction. The second hypothesis of the study was; H₀₂: There is no significant correlation between active management by exception and worker contentment in Malindi water and Sewerage Company limited. The results are shown in table 9

Table 9: Hypothesis on Active Management by exception on Employee Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	5.697	0.435		13.094	0.000	4.825	6.569
	Active Management _by Exception	-0.172	0.093	-0.243	-1.857	0.069	-0.357	0.014
a. Dependent Variable:		EMPLOYEE SATISFACTION						

Table 9 indicates $t=-1.86$; $p=0.069$ shows that active management by exception is an insignificant determinant of employee satisfaction in Malindi water and Sewerage Company limited. The model was insignificant. Also, the model's beta ($\beta = -0.243$, $p > 0.05$) indicates that employee satisfaction in Malindi water and Sewerage Company limited would change by -0.243 standard deviations when active management by exception changed by one unit. Therefore, the null hypothesis that there is no significant correlation between active management by exception and associate satisfaction in Malindi water and Sewerage Company limited is accepted. The hypothesis agrees with findings of Hall (2018), which indicated an insignificant relationship between active management by exception and employee satisfaction. These results are centrally to findings of Mkheimer (2018), who stated that transactional leadership promotes the ownership of company vision and encourages employees to work towards the achievement of set objectives. The third specific objective of the study assessed the effect of passive management by exception on

employee satisfaction. The third hypothesis of the study was; H₀₃: There is no significant relationship between passive management by exception and employee satisfaction in Malindi water and Sewerage Company limited. The results are shown in Table 10

Table 10: Hypothesis on Passive Management by exception on Employee Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error				Lower Bound	Upper Bound
1	(Constant)	4.491	0.876		5.128	0.000	2.736	6.246
	Passive_Mgt_by_Exception	0.082	0.179	0.061	0.457	0.650	-0.277	0.441
a.	Dependent Variable:	EMPLOYEE SATISFACTION						

Table 10 indicates $t=0.457$; $p=0.650$ shows that passive management by exception is an insignificant determinant of employee satisfaction in Malindi water and Sewerage Company limited. The model was insignificant. Also, the model's beta ($\beta = 0.061$, $p > 0.05$) indicates that employee satisfaction in Malindi water and Sewerage Company limited would change by 0.061 standard deviations when passive management by exception changed by one unit. Therefore, the null hypothesis that there is no significant correlation between leadership intervention and employee satisfaction in Malindi water and Sewerage Company limited is accepted. These findings are divergent to those of Hassi (2019), who investigated transactional leadership on employee job satisfaction in Italy. The study showed that the recognition of employees for their work had a positive relationship with employee satisfaction. Likewise, Brahmananda (2019) examined transactional leadership and job satisfaction in India. The findings indicated an association between passive management by exception and employee satisfaction.

The fourth specific objective of the study assessed the joint effect of contingent reward, active management by exception and passive management by exception on employee

satisfaction. The fourth hypothesis of study sought to assess the joint effect of contingent reward, active management by exception and passive management by exception on employee satisfaction in Malindi Water and Sewerage Company limited. The results are shown in Table 11

Table 11 : Hypothesis on joint effect of contingent reward, active management by exception and passive management by exception on employee satisfaction

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1	(Constant)	6.377	0.739		8.628	0.000
	joint effect	0.313	0.155	0.262	2.012	0.049

a. Dependent Variable: EMPLOYEE SATISFACTION

Table 11 indicates $t=2.012$; $p=0.049$ shows that the joint effect of contingent reward, active management by exception and passive management by exception on employee satisfaction in Malindi water and Sewerage Company limited is positive and significant. The model is thus significant. The model's beta ($\beta = 0.262$, $p > 0.05$) indicates that employee satisfaction in Malindi water and Sewerage Company limited would change by 0.262 standard deviations when the joint effect of contingent reward, problem solving approach and leadership management by exception changed by one unit. Therefore, the null hypothesis that there is no significant correlation between the joint effect of contingent reward, active management by exception and passive management by exception and worker contentment in Malindi water and Sewerage Company limited is rejected.

These findings corroborate those of Harmin and Syaifuddin (2019), who found a favorable and positive effect between transactional leadership and employee satisfaction. Additionally, Khajeh (2018) evaluated the transactional leadership among employees and managers and noted that transactional leadership has a favorable impact on organizational commitment and job satisfaction. Likewise, Putu et al.(2019) revealed a significant and positive association between transactional leadership and employee satisfaction. The authors observed that an organisation can boost employee satisfaction if the organizational culture and transactional leadership are backed by motivation.

Table 12: Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.319 ^a	0.101	0.051	0.18990

a. Predictors: (Constant), Active_Mgt_by_Exception, Passive_Mgt_by_Exception, Contigent_Reward

Source: Research Data

This result reveal that r square is 0.101 that is, 10.1%. This means that employee satisfaction would vary by 10.1% due to changes in contingent reward, active management by exception and passive management by exception, at 95% confidence level. Other factors that affect employee satisfaction account for 89.9%. The correlation coefficient, R, measures the relationship between the variables. The results revealed a low, positive correlation between the variables, as shown by 0.319 correlation coefficient.

Table 13: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.216	3	0.072	1.995	.126 ^b
	Residual	1.911	53	0.036		
	Total	2.127	56			

a. Dependent Variable: EMPLOYEE SATISFACTION
b. Predictors: (Constant), Active_Mgt_by_Exception, Passive_Mgt_by_Exception, Contigent_Reward

Source: Research Data

ANOVA showed the population parameters had a significance level of 0.126. This means that the relationship between the independent variables and dependent variables is insignificant. The estimated value of F was less than the critical value of F ($2.79 > 1.995$). This shows that contingent reward, active management by exception and passive management by exception insignificantly affect employee satisfaction in Malindi Water and Sewerage Company limited.

Table 14: Coefficients

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	T	Sig.	VIF
1	(Constant)	5.534	0.959		5.774	0.000	
	Contigent_Reward	-0.162	0.108	-0.217	-1.493	0.041	1.247
	Active_Mgt_by_Exception	-0.108	0.102	-0.153	-1.061	0.293	1.224
	Passive_Mgt_by_Exception	0.127	0.175	0.096	0.727	0.471	1.020
a. Dependent Variable:		EMPLOYEE SATISFACTION					

Source: Research Data

Table 14 shows the model equation to be:

$$Y = 5.53 - 0.217 X_1 + 0.19$$

Holding contingent reward, active management by exception and passive management by exception to a constant zero, employee satisfaction would be at a constant value of 5.534. Contingent reward is statistically significant in explaining employee satisfaction ($\beta = -0.217$, $p < 0.05$), according to the findings. Hence, a unit decrease in contingent rewards will lead to a 0.217 unit increase in employee satisfaction. The results reveal that active management by exception is statistically insignificant in explaining employee satisfaction ($\beta = -0.153$, $p > 0.05$). This indicates that a unit decrease in active management by exception will result in a 0.153 units improvement in employee satisfaction. The results show that passive management by exception has a statistically insignificant effect on employee satisfaction ($\beta = 0.096$, $p > 0.05$). This shows that a one-unit increase in passive management by exception will lead to a 0.096 unit increase in employee satisfaction.

The Variance Inflation Factors (VIF) for the three variables; 1.247, 1.224 and 1.020 are all greater than 1.0, hence satisfactory. The VIF indicates the extent to which the variance of the weight coefficient is inflated. Hence, the degree to which the weight is correlated with either of the predictors in this model is low. These findings concur with those of Sarinah et al. (2020), who examined transactional leadership and employee satisfaction. An

association between transactional leadership and employee satisfaction was revealed. On the other hand, Rolfe (2017) investigated transactional leadership and job satisfaction. The study concluded that transactional leadership was positively correlated with job satisfaction.

CONCLUSION

Superiors who recognise participants work and reward employees for work done enhance satisfaction among the employees. Additionally, superiors who help employees do their work motivate staff. Superiors who concentrate on failures, track mistakes, punish employees for mistakes in tasks and emphasise failures do not promote employee satisfaction. Failure in work necessitates action from superiors. Superiors act whenever things go wrong, analyse disparities from expected outcomes and recommend achievements to other staff. Additionally, superiors are always keen on accomplishments. This study concludes that contingent reward, active management by exception and passive management by exception positively and insignificantly affect employee satisfaction in Malindi Water and Sewerage Company limited.

RECOMMENDATIONS

This study recommends that the company should be fair in its appraisal and reward scheme. This would motivate employees to work towards achievement of set goals. It is the recommendation of this study that management of the company explores a wide range of monetary and non-monetary rewards that would boost employee satisfaction. This study recommends that managers in the company should amicably resolve any work-related issues. This would enhance accountability and employee satisfaction. It is a recommendation of this study that managers should concentrate on successes at the workplace. This has a direct effect of enhancing employee satisfaction. The management of Malindi Water and Sewerage Company limited should encourage the employees to be proactive in the course of performing their duties. This will enhance proper planning and accountability in the organisation. It is a recommendation of this study that accomplishments be recognized and rewards be instituted. This would boost employee morale and work satisfaction.

The research was restricted to Malindi water and Sewerage Company limited. Other studies could be carried out in all water services companies in Kenya. Other studies could investigate possible factors that might affect employee satisfaction, for example, the effect of other leadership styles, remuneration schemes and benefits. This study adopted a questionnaire in data collection. It is a recommendation of this study that mixed methods in data collection should be adopted. This would give a better understanding of the topic.

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