LEADERSHIP STYLES AND EMPLOYEES' PERFORMANCE IN SELECTED FAMILY-OWNED BUSINESSES IN OSUN STATE, NIGERIA

Hakeem Ade Omokayode IDOWU
Department of Management and Accounting,
Summit University, Offa, Kwara State, Nigeria
+2348034072001
hakeemidowu@summituniversity.edu.ng

Tomilola Victoria Atoyebi
Department of Management and Accounting,
Federal Polytechnic Offa, Kwara State, Nigeria
+234- 803-830-4297
tomilolavictoria2016@gmail.com

Abstract

This study examined the effect of leadership styles on employees' performance in selected family-owned businesses in Osun State, Nigeria. Specifically, the study examined the effect of transformational, transactional and laissez faire leadership on employees' performance. A descriptive survey research design was adopted and comprised population of 175 managerial and non-managerial employees. Using multistage sampling and Yamane's method, 124 employees were selected. Data were collected using a structured questionnaire, validated and pilot tested, with Cronbach's alpha co-efficients ranging from 0.758 to 0.795. Data were analysed using descriptive statistics, Pearson correlation and multiple regression. The findings showed that transformational leadership did not significantly affect task performance (t = -1.022, p = 0.309) but significantly and positively affected contextual performance (t = 2.391, p = 0.018). Transactional leadership significantly and negatively affected task performance (t = -2.752, p = 0.007), but had no significant effect on contextual performance (t = 0.443, p = 0.658). Laissez faire leadership significantly and negatively affected task performance (t = -3.570, p < 0.001), but had no significant effect on contextual performance (t = -1.516, p = 0.132). Based on these results, this study concluded that leadership effects vary across dimensions of employees' performance and recommended that family-owned businesses should adopt balanced and context appropriate leadership practices, strengthen transformational leadership, review transactional practices and minimise excessive laissez faire leadership to support employees' performance.

Keywords: Leadership styles, transformational leadership, transactional leadership, laissez faire leadership, employees' performance and family-owned businesses.

1. Introduction

Employees' performance is highly central to organisational effectiveness because it reflects on how well employees accomplish their assigned duties and contribute to activities that support the wider functioning of any organisation in the world. It encompasses several dimensions of performance such as task performance which concerns the effective completion of formal job responsibilities and contextual performance which includes discretionary behaviours such as helping colleagues, taking initiative, maintaining cooperation and supporting organisational functioning. In view of these, Vila-Vazquez et al., (2024) for instance, in a study of 320 employees and their supervisors in Spanish technology and knowledge-intensive SMEs, found that transformational leadership significantly enhances employees' task performance sequentially through task significance and job engagement. Similarly, Varshney and Varshney (2024) demonstrated that workforce agility partially mediates the relationship between empowering leadership and contextual performance and fully mediates the relationship between empowering leadership and task performance. Together, these findings affirmed that task and contextual performance are not only distinct but critical pathways through which leadership and work design influence overall organisational effectiveness.

Employees' performance is particularly important in family-owned businesses because employees sustain daily operations and ensure long term organisational continuity, preserve family legacy, maintain customer relationships, and drive sustainable growth across generations through commitment, loyalty and shared values that define such enterprises. For instance, Estorninos and Castino (2024), in a study of 300 employees in family-owned businesses in General Santos City, Philippines, found that human resource practices, human resource risk management practices and human resource planning practices all have significant effects on employees' perceived performance. Likewise, in Indonesia, Lukito et al., (2024) found that job satisfaction, transformational leadership style, motivation, compensation and work environment substantially impact sustainable employees' performance, with job satisfaction emerging as the most significant

determinant. Importantly, they found that work environment moderates and strengthens the relationship between job satisfaction, leadership style and employee performance. The findings jointly implied that continuity in family-owned businesses does not rest on family ownership alone but on how employees are managed. Consequently, leadership is one factor through which employees' performance may be shaped.

Leadership is an important organisational factor because the way supervisors direct, motivate and respond to employees can shape how employees perform their assigned responsibilities and contribute to wider organisational activities. This issue is particularly relevant to family-owned businesses, where business decisions, family interests and employee relationships often operate within the same organisational setting. This is supported by Biloa (2023), who conceptualised leadership as a complex process and a form of power with the ability to influence employees' behaviours and attitudes. The researcher found that leaders utilise different styles depending on situations they face in order to lead employees toward greater performance and achieve organisational goals. In the context of family-owned businesses, this implies that the choice of leadership style is critical. Where family authority and business authority overlap, an autocratic style may reinforce family hierarchy but stifle initiative, while a democratic style may enhance participation and commitment among non-family employees, and a laissez-faire style may create role ambiguity. Therefore, understanding and appropriately applying leadership styles is essential for shaping employee performance and sustaining continuity in family firms.

Transformational leadership focuses on communicating purpose, encouraging new ways of thinking, supporting individual development and building trust. A study of Nigerian small and medium sized enterprises found that inspirational motivation and individualised consideration had significant positive effects on employees' performance, even though the study noted that intellectual stimulation did not produce a significant effect (Adenigbagbe et al., 2025). Similarly, Tran and Hoang (2024) found that transformational leadership was associated with public employees' performance, while employees' participation and public service motivation helped explain the relationship. Aristana et al., (2024), however, reported that transformational leadership did not have a direct effect on employee performance among employees of small and medium enterprises, although it was positively associated with organisational citizenship behaviour, which subsequently influenced performance. These findings indicated that the contribution of transformational leadership to employees' performance may differ according to organisational circumstances.

Transactional leadership provides another perspective through its emphasis on clear expectations, rewards, performance monitoring and corrective feedback. Hutama et al., (2024) for instance, reported that transactional leadership influenced employees' performance through job satisfaction, job stress and trust, while Augustine and Sayyad (2025) examined expectation clarity, rewards, performance monitoring, recognition and feedback as components of transactional leadership associated with employees' productivity. Laissez faire leadership presents a contrasting pattern characterised by limited supervisory intervention and delayed responses. Thompson (2026) using data from employees across several industries in Norway found that laissez faire leadership was negatively associated with employees' performance. Frey et al., (2025) likewise found that daily laissez faire leadership could affect subsequent employees' performance through employees' work experiences. Also, Nigerian study by Dagunduro et al., (2026), however, reported a positive and significant effect of laissez faire leadership on employees' performance, illustrating that findings can differ across organisational contexts. Although these studies provide useful findings but majority of these studies examined different organisational settings and were often concentrated on one leadership style or other intervening variables. Family-owned businesses also have distinctive organisational relationships because family ownership and business management can overlap. Studies have linked leadership with performance and professionalisation in family businesses. But the combined influence of transformational, transactional and laissez faire leadership on employees' performance requires further examination. This study therefore examined the effect of these three leadership styles on employees' performance in selected family-owned businesses.

2. Literature Review

Concept of Employees' Performance

Employees' performance refers to the extent to which employees effectively accomplish their formal job responsibilities and contribute behaviours that support the social and organisational functioning of the workplace. It is therefore broader than the quantity of work completed because effective performance also includes cooperation, initiative, compliance with organisational expectations and willingness to assist colleagues. Numerous studies have distinguished task performance from contextual performance. For instance, Ofobruku (2025) stated that task performance concerns the proficient execution of duties formally assigned to an employee, whereas contextual performance concerns voluntary behaviours that facilitate cooperation and the wider work environment. Consequently, the importance of these two dimensions is demonstrated by empirical findings from Nigeria. Ofobruku (2025) found that

employees' motivation significantly predicted task performance and contextual performance, while Oluwasanmi et al., (2025) in a study of 400 employees in Nigerian public and private organisations in Ibadan reported that employees' mental health accounted for 40.2% of the variance in task performance and 41.7% in contextual performance. These findings indicated that employees' performance has several dimensions and can be shaped by conditions within the workplace.

The distinction between task and contextual performance is also supported by research outside Nigeria. Muaha et al., (2026) studied 428 employees in Ghanaian mining companies and found that high performance work systems and supervisor's support significantly improved both task and contextual performance. In a study of Indian manufacturing firms by Kumar et al., (2025) task performance received the highest weighting among the performance criteria examined followed by adaptability and contextual performance. In addition, Gabriel and Gabriel (2026), using employees from consumer goods firms in Port Harcourt found that transformational leadership significantly predicted contextual performance. Based on the foregoing discussion, employees' performance provides a suitable outcome variable for examining how different leadership styles shape employees' formal duties and discretionary contributions in family-owned businesses.

Concept of Leadership Styles

Leadership refers to the process through which an individual influences, guides and motivates employees towards the achievement of organisational goals. In business organisations, leadership is expressed through the manner in which owners and managers communicate expectations, make decisions, motivate employees, allocate responsibilities and respond to work related challenges. Leadership styles therefore describe the patterns of behaviour leaders adopt when directing and interacting with their employees. Different leadership styles can produce different responses from employees because the degree of guidance, support, recognition and freedom provided by leaders varies across organisations. For the purpose of this study, three leadership styles were adopted based on their relevance to the way owners and managers direct employees in family-owned businesses namely; transformational leadership, transactional leadership and laissez faire leadership. These styles provide different approaches to employees' motivation, supervision, decision making and work responsibility, making them suitable for examining their effects on employee performance.

Transformational Leadership

Transformational leadership refers to a leadership approach in which leaders motivate employees through a clear vision, personal consideration, intellectual stimulation and behaviour that earns trust and respect. The approach encourages employees to look beyond routine duties and connect their work with broader organisational goals. These qualities are reflected in this study through supervisors' ability to communicate a compelling vision, support employee development, encourage new approaches and link daily responsibilities with the long term goals of the business.

Numerous research studies have associated transformational leadership with employees' performance across different organisational settings. Adenigbagbe et al., (2025), for example in a study of small and medium sized enterprises in Abuja, found that inspirational motivation and individualised consideration had significant positive effects on employees' performance, while intellectual stimulation was not significant. Filani et al., (2025) also reported a significant positive effect of transformational leadership on employees' performance among employees of selected hotels in Lagos. In addition, Vila-Vazquez et al., (2024) also found that transformational leadership was associated with employees' task performance, providing support for the relevance of transformational behaviours to employees' execution of formal work responsibilities. Also, several research conducted within the context of family businesses provide further relevance in support of this discussion. Lukito et al., (2025) for instance based their study on employees of family businesses in Indonesia and found that transformational leadership had a significant influence on employees' performance alongside motivation, compensation, job satisfaction and the work environment. Likewise, Satriyo and Timotius (2026) studied employees in a family-owned mining company and found that transformational leadership positively influenced employees' performance and organisational citizenship behaviour. These findings provided a basis for examining whether transformational leadership produces similar effects among employees of selected family-owned businesses.

Laissez Faire Leadership

Laissez faire leadership refers to a leadership approach characterised by limited supervisory intervention, delayed decisions and substantial freedom for employees to determine how work should be performed. In this study, it is reflected in supervisors' avoidance of important decisions, limited availability when employees need guidance, delayed responses to work concerns and inadequate attention to problems affecting employees' work. Although autonomy can allow experienced employees to exercise initiative but excessive absence of direction may create uncertainty and weaken coordination. This duality is supported by Zheng and Li (2024) who found that laissez faire leadership can produce both adverse and favourable employees'

responses but it depends on whether employees experience the leader's limited involvement as a loss of support or as greater freedom.

Empirical findings have also produced different results across organisational settings. Daramola (2025) for instance, found that laissez faire leadership had no significant effect on employees' performance, while Dagunduro et al., (2026) reported a positive and significant effect of laissez faire leadership on employees' performance. Bobai et al., (2026) similarly found a positive and significant effect in their study of 260 employees of Dangote Cement Plc in Kogi State. These Nigerian findings differ from international studies. Frey et al., (2025), using daily observations from 127 employees, found that laissez faire leadership was associated with lower next day performance through reduced job satisfaction, although job crafting weakened this association. Similarly, Thompson et al., (2026), based on 220 employees across several industries in Norway, found a negative association between laissez-faire leadership and employees' performance, while self-compassion reduced the adverse effect. The variation in these findings provides a basis for examining the effect of laissez-faire leadership on employee performance among employees of selected family-owned businesses.

Theoretical review

Trait Theory of Leadership

The Trait Theory of Leadership is commonly traced to the early work of Thomas Carlyle in 1841 who argued that great leaders possess distinctive qualities that differentiate them from other people. The theory specially explains why some people become effective leaders while others do not. The theory became prominent during the early 20th century, with researchers such as Ralph Stogdill and later researchers examining personal qualities that distinguish leaders from other people. Stogdill's 1948 work was particularly important because it moved attention from the simple belief that leaders possess fixed qualities to the view that leadership traits can be understood in relation to the situation. Anderson (2024) explained that early trait research focused on identifying personal characteristics that distinguish leaders from non-leaders. The theory therefore places attention on qualities such as intelligence, confidence, emotional stability, conscientiousness, sociability and determination when explaining leadership.

For this study, the theory is relevant because the qualities of family business owners and managers can influence how they exercise transformational, transactional or laissez faire leadership and how employees respond to their direction. Eshete et al., (2025) found that personality characteristics have meaningful associations with employees' performance across organisational settings. Ahmad et al., (2025) studying successors in small family businesses found that innovativeness significantly influenced succession success, while willingness to lead partly or fully explained important trait relationships. Consequently, the theory provides a useful foundation for examining how the personal qualities of business owners and managers may shape leadership practices and, in turn, employees' performance within family-owned businesses.

Transformational Leadership Theory

Transformational Leadership Theory was introduced by James MacGregor Burns in 1978 in his work on political leadership. Burns explained that transformational leaders raise the motivation, values and commitment of followers by helping them work towards goals that go beyond their immediate personal interests. Bernard Bass later developed the theory in 1985 and applied it more directly to organisations. Bass explained transformational leadership through four main behaviours: idealised influence, inspirational motivation, intellectual stimulation and individualised consideration. Idealised influence involves leaders serving as good examples, inspirational motivation involves communicating an attractive direction, intellectual stimulation encourages employees to think about better ways of doing their work, while individualised consideration involves giving attention to the needs and development of individual employees.

This theory is used in this study because family business owners and managers can influence employees' performance through the leadership behaviours they display, particularly their ability to inspire employees, encourage new ideas, build trust and support individual development.

Transformational leadership is important to employees' performance because it connects employees' daily responsibilities with broader organisational goals and can strengthen their commitment to work. Vila-Vazquez et al., (2024) for example using data from employees and their supervisors in Spanish small and medium sized enterprises found that transformational leadership was associated with higher task performance through task significance and job engagement. Similarly, Lukito et al., (2025), who studied employees in Indonesian family businesses found that transformational leadership significantly influenced sustainable employee performance. The theory therefore provides a suitable basis for examining how the leadership behaviour of family business owners and managers can influence employee performance.

Behavioural Theory of Leadership

The Behavioural Theory of Leadership developed mainly through the Ohio State and Michigan leadership studies of the 1940s and 1950s, with researchers such as Ralph M. Stogdill, Edwin A. Fleishman and colleagues contributing to its development. The theory shifted attention from the personal qualities of leaders to what leaders actually

do when directing and supporting employees. The Ohio State studies identified consideration and initiating structure as two important forms of leadership behaviour, representing concern for employees and attention to work, responsibilities and goals respectively (Anderson et al., 2024). This theory is used in this study because transformational, transactional and laissez faire leadership are expressed through observable behaviours that can influence employee performance in family owned businesses.

Employees' performance can be shaped by how owners and managers communicate expectations, provide support, recognise achievement, solve work problems and involve employees in decisions. Atiku and Van-Wyk (2024) explained that behavioural leadership focuses on actions used by leaders to influence followers towards shared organisational goals. Grill (2025), using a randomised leadership training study found that behavioural training significantly improved managers' performance feedback behaviour while Khanh and Hang (2026) found that leadership behaviour had a positive and significant direct effect on employees' performance. The theory therefore provides a useful basis for examining how the behaviours of family business owners and managers relate to employee performance.

Among the three theories reviewed, the Behavioural Theory of Leadership was adopted for this study because it provides the closest basis for examining the observable leadership practices of family business owners and managers. Unlike Trait Theory, which focuses on personal qualities, and Transformational Leadership Theory, which concentrates mainly on transformational behaviours, the Behavioural Theory accommodates different patterns of leadership behaviour, including transformational, transactional and laissez faire styles. It therefore provides a suitable framework for examining how owners' and managers' leadership practices influence employee performance.

Empirical Review

Biloa (2023) examined how democratic, autocratic and laissez faire leadership affect employee performance. The study adopted an objective research approach that combined positivist and interpretive perspectives and examined observable employee behaviour. The findings showed that leadership style influences employees' job performance, with the effect depending on the leadership approach adopted. The study concluded that leaders need to select leadership approaches according to workplace circumstances. It recommended that organisations strengthen leadership practices that promote employees' performance and align supervisory behaviour with organisational goals.

Majid et al., (2023) studied whether role clarity explains the relationship between transformational leadership, job engagement and championing behaviour. Data were obtained from 170 managerial and non-managerial employees in the Pakistani hospitality industry and analysed using partial least squares structural equation modelling. Transformational leadership directly predicted role clarity and job engagement, while role clarity predicted job engagement and championing behaviour. Role clarity partially mediated job engagement and fully mediated championing behaviour. The authors recommended clearer work roles and transformational leadership practices to strengthen employee engagement and positive work behaviour.

Vila-Vazquez et al., (2024) investigated how transformational leadership influences employee task performance through task variety, task significance and job engagement. The researchers surveyed 320 employees and their supervisors in Spanish technology and knowledge intensive small and medium sized enterprises and applied structural equation modelling. The findings showed that transformational leadership influenced task performance through task significance and job engagement, while job engagement mediated the relationship between task variety and task performance. The study concluded that meaningful job design and transformational leadership can improve performance and recommended greater attention to task significance and employee engagement.

Estorninos and Castino (2024) assessed the relationship between human resource practices and employees' performance in family-owned businesses in General Santos City, Philippines. The study used quantitative and qualitative methods, involving 300 respondents, descriptive survey and correlational designs, interviews, Spearman correlation and multiple linear regression. The findings showed low positive correlations between human resource practices and performance and between human resource risk management and performance, while human resource planning had a significant moderate positive correlation. The authors concluded that human resource practices significantly affect performance and recommended stronger human resource management programmes for family owned businesses.

Hutama et al., (2024) examined the influence of transactional leadership on employees' performance through job satisfaction, job stress and trust. The study used explanatory quantitative research involving 69 employees of a shipbuilding company in Surabaya, with structural equation modelling using partial least squares. Transactional leadership improved employees' performance, job satisfaction and trust while reducing job stress. Job satisfaction and trust mediated the relationship between transactional leadership and performance, whereas job stress did not significantly affect performance.

They recommended that leaders should maintain effective transactional leadership and improve employees' satisfaction and trust to strengthen performance.

Tran and Hoang (2024) studied how transformational leadership affects public employee performance. The study surveyed 208 employees and manager pairs across 208 public organisations in Vietnam and applied partial least squares regression. The findings showed that employees' participation in performance measurement and public service motivation partially mediated the relationship between transformational leadership and job performance. The study concluded that employees' involvement strengthens performance outcomes and recommended that public leaders involve employees in designing and improving performance measures to enhance work efficiency.

Aristana et al. (2024) investigated the influence of transformational leadership on employees' performance through organisational citizenship behaviour. A quantitative survey involving 210 employees of small and medium enterprises was analysed using SmartPLS 3.2.9. Transformational leadership had no direct effect on employees' performance, but positively influenced organisational citizenship behaviour, which positively affected performance. Organisational citizenship behaviour significantly mediated the relationship, with R^2 values of 0.025 and 0.086 and a Sobel Z value of 2.124. The study recommended the strengthening of employees' citizenship behaviour alongside transformational leadership.

Lukito et al., (2025) assessed leadership style, motivation, compensation, job satisfaction and work environment as determinants of employees' performance. A cross sectional survey was conducted among 250 full time employees of family businesses, while structural equation modelling was performed using SmartPLS 4. The results showed that transformational leadership, motivation, compensation, job satisfaction and work environment significantly affected employees' performance, with job satisfaction having the strongest influence. Work environment also strengthened the relationships involving leadership and job satisfaction. The study recommended stronger human resource policies, supportive working conditions and appropriate leadership practices in family businesses.

Nasr et al., (2025) examined how leadership styles influence professionalisation and performance in family businesses. Survey data from 216 managers in Iran were analysed using partial least squares structural equation modelling. The findings showed that professionalisation mediated the relationship between leadership style and business performance, while participative leadership produced the strongest contribution to professionalisation and performance. The study concluded that leadership style is important in developing professional family businesses. Their recommendations were that family business managers should adopt participative leadership practices and strengthen professional management structures to improve organisational performance.

Adenigbagbe et al., (2025) investigated the effects of inspirational motivation, individualised consideration and intellectual stimulation on employees' performance. Using a survey design, questionnaires were administered to 450 respondents from Abuja SMEs and analysed with multiple regression. Inspirational motivation significantly predicted performance ($B = .645$, $p < .001$), as did individualised consideration ($B = .314$, $p < .001$), whereas intellectual stimulation was not significant ($B = .011$, $p = .469$). The study concluded that transformational leadership dimensions differ in their effects and recommended greater emphasis on motivation and individual employees' support.

Dagunduro et al., (2026) examined transformational, transactional, democratic and laissez faire leadership styles. From 5,280 employees, 358 respondents were selected using Cochran's formula and analysed through correlation and regression techniques. Leadership styles jointly affected employees' performance significantly. Transformational leadership was negative and insignificant, whereas laissez faire leadership was positive and significant. The study concluded that leadership effects differ across styles and recommended aligning leadership practices with employee capabilities and organisational conditions.

Satriyo and Timotius (2026) studied transformational leadership and employees' performance through organisational citizenship behaviour in a family owned mining company in Indonesia. A quantitative census covered all 100 permanent employees and data were analysed using partial least squares structural equation modelling. Transformational leadership positively influenced organisational citizenship behaviour and employee performance, while organisational citizenship behaviour also positively influenced performance and partially mediated the relationship. The study concluded that transformational leadership supports performance in family firms and recommended value based leadership that encourages cooperation and employees' responsibility.

3. Methodology

This study adopted a descriptive survey research design to examine the relationship between leadership styles and employee performance in family-owned businesses in Osun State, Nigeria. This design was adopted and used for this study because data were obtained directly from employees regarding their perceptions of leadership practices and their own work performance. The population comprised 175 managerial and non-managerial employees working in family owned businesses in Osun State. A multistage sampling technique was employed to

select the respondents. At first stage, Osogbo was purposively selected from the local government areas of Osun State because of its concentration of established family-owned businesses. At the second stage, prominent family-owned businesses operating within Osogbo were identified, from which three businesses were selected, namely Fortunate Bread Company, Iyanu Plastic Manufacturing Company, and Halatria Manufacturing Company. At the third stage, employees were grouped according to their managerial and non-managerial positions, after which respondents were selected proportionately from the participating businesses. The sample size was determined using Yamane's (1967) sample size determination method which produced a minimum sample of 122 respondents from population of 175 employees. To ensure adequate representation across the selected businesses, a proportionate sampling procedure was subsequently applied. Accordingly, 124 respondents were selected, comprising 46 employees from Fortunate Bread Company, 37 from Iyanu Plastic Manufacturing Company and 41 from Halatria Manufacturing Company.

Data were collected using a structured questionnaire titled Leadership Styles and Employees' Performance Questionnaire. The instrument consisted of items measuring transformational, transactional and laissez faire leadership, as well as task and contextual employees' performance. The questionnaire was subjected to face and content validation by experts in the Department of Management and Social Sciences, Summit University, Offa, Kwara State. A pilot test was subsequently conducted among employees outside the selected businesses. The pilot study established individual Cronbach's alpha co-efficients of 0.793, 0.795, 0.787, 0.789, 0.794, and 0.758 for transformational leadership, transactional leadership, laissez faire leadership, task performance, contextual performance and stewardship orientation respectively. These results confirmed acceptable internal consistency for the study instrument. Data collected from the respondents were analysed using descriptive statistics, Pearson correlation and multiple regression analysis tested at 0.05 significant level with the use of using SPSS version 25.

4. Results and Discussion

Table 1: Descriptive Statistics

Variable	Category	Frequency	Percent (%)
Gender	Male	62	50.00
	Female	52	41.94
	Prefer not to say	10	8.06
	Total	124	100.00
Age	18–25	18	14.52
	26–35	51	41.13
	36–45	41	33.06
	46–55	14	11.29
	Total	124	100.00
Education	SSCE	19	15.32
	ND/NCE	43	34.68
	HND/BSc	49	39.52
	MSc/MBA	13	10.48
	Total	124	100.00
Length of service	<1 year	22	17.74
	1–3 years	17	13.71
	4–6 years	40	32.26
	7–10 years	45	36.29
	Total	124	100.00
Position	Senior management	28	22.58
	Line supervisor	18	14.52
	Non-managerial/operative	39	31.45
	Technical/skilled	39	31.45
	Total	124	100.00
Employment status	Family-member employee	5	4.03
	Non-family employee	119	95.97
	Total	124	100.00

Source: Field Survey, 2026.

The sample was fairly balanced by gender, with 50.00% male and 41.94% female respondents. The largest age group was 26–35 years (41.13%), followed by 36–45 years (33.06%). HND/BSc holders represented the largest educational category (39.52%). Most respondents had 4–6 years or 7–10 years of service, indicating moderate organisational experience. Non-managerial/operative and

technical/skilled employees each accounted for 31.45% of the sample. Most respondents were non-family employees (95.97%), which provides substantial evidence on how leadership is experienced by employees outside the owning family.

Table 2: Prevalence of Leadership Styles

Leadership style	Mean
Transformational leadership	3.22
Transactional leadership	3.51
Laissez-faire leadership	2.17

Source: Field Survey, 2026.

In Table 2, transactional leadership was the most prevalent leadership style, with a mean of 3.51. Transformational leadership followed with a mean of 3.22, while laissez-faire leadership recorded the lowest mean of 2.17. The result indicates that employees most frequently perceived supervisors as using structured, reward based and performance monitoring behaviors.

Table 3: Levels of Employee Performance

Performance dimension	Mean
Task performance	4.07
Contextual performance	3.69

Source: Field Survey, 2026.

Table 3 presents the levels of employees' performance among employees in the selected family owned businesses in Osun State, Nigeria. Task performance recorded a mean of 4.07, indicating a relatively high level of effectiveness in formal job duties. Contextual performance recorded a mean of 3.69, also indicating a moderate to high level of discretionary and citizenship-like behaviours. The results suggest that employees generally perform well both within and beyond their formal job descriptions.

Table 4: Correlation Analysis

Variable	TL	TR	LF	TP	CP	SO
TL	1.00	0.70**	-0.40**	-0.10	0.50**	0.50**
TR	0.70**	1.00	-0.50**	-0.10	0.50**	0.50**
LF	-0.40**	-0.50**	1.00	-0.20*	-0.40**	-0.30**
TP	-0.10	-0.10	-0.20*	1.00	0.30**	0.30**
CP	0.50**	0.50**	-0.40**	0.30**	1.00	0.60**
SO	0.50**	0.50**	-0.30**	0.30**	0.60**	1.00

Source: Field Survey, 2026.

In answering research questions one to three, table 4 shows that transformational and transactional leadership were strongly positively correlated (r = 0.70), indicating that the two active leadership styles frequently co-occurred. Both styles were moderately positively correlated with contextual performance (r = 0.50 for each) and stewardship orientation (r = 0.50 for each). Laissez-faire leadership was negatively associated with transformational leadership (r = -0.40), transactional leadership (r = -0.50), contextual performance (r = -0.40) and stewardship orientation (r = -0.30). Task performance showed relatively weak relationships with the leadership variables but had positive relationships with contextual performance and stewardship orientation. This means that transformational and transactional leadership were associated with better employee performance, whereas laissez-faire leadership was associated with poorer employee performance.

Hypotheses Testing

Table 5: Regression Co-efficient Summary for the Effects of Leadership Styles on Task and Contextual Performance

Predictor	Task Performance Model				Contextual Performance Model			
	B	**SE**	**t**	**P**	**B**	**SE**	**t**	**P**
Constant	4.727	0.253	18.672	< .001	2.273	0.275	8.257	< .001
Transformational leadership	-0.057	0.056	-1.022	0.309	0.146	0.061	2.391	0.018
Transactional leadership	-0.178	0.065	-2.752	0.007	0.031	0.070	0.443	0.658
Laissez-faire leadership	-0.158	0.044	-3.570	< .001	-0.073	0.048	-1.516	0.132
Stewardship orientation	0.209	0.052	4.040	< .001	0.303	0.056	5.373	< .001

Source: Field Survey, 2026.

H_{01}: Transformational leadership has no significant effect on employee's performance in selected family owned businesses in Osun State, Nigeria.

The regression results in table 5 show that transformational leadership had a non-significant negative effect on task performance (B = -0.057, t = -1.022, p = 0.309). However, it had a significant positive effect on contextual performance (B = 0.146, t = 2.391, p = 0.018). Since the effect was significant for contextual performance at the 0.05 level, H_{01} is rejected in relation to contextual performance. The finding indicated that transformational leadership was associated with improved contextual performance even though its effect on task performance was not statistically significant.

H_{02}: Transactional leadership has no significant effect on employee's performance in selected family-owned businesses in Osun State, Nigeria.

The results indicate that transactional leadership had a significant negative effect on task performance (B = -0.178, t = -2.752, p = 0.007). However, its effect on contextual performance was not statistically significant (B = 0.031, t = 0.443, p = 0.658). Therefore, H_{02} is rejected for task performance but retained for contextual performance. This indicated that transactional leadership was significantly associated with lower task performance, while its relationship with contextual performance was not statistically significant.

H_{03}: Laissez faire leadership has no significant effect on employee's performance in selected family-owned businesses in Osun State, Nigeria.

The regression results show that laissez-faire leadership had a significant negative effect on task performance (B = -0.158, t = -3.570, p < 0.001). Its effect on contextual performance was negative but not statistically significant (B = -0.073, t = -1.516, p = 0.132). Thus, H_{03} is rejected for task performance but retained for contextual performance. The result indicates that laissez-faire leadership was significantly associated with lower task performance, while its effect on contextual performance was not statistically significant.

Discussion of findings

The findings of this study showed that leadership style does not produce a uniform effect across the different dimensions of employee performance. This study conceptualised effective leadership in family owned businesses as the capacity of a leader to provide direction, motivation and appropriate supervision in ways that correspond with the nature of employees' work. This position is reflected in the finding that transformational leadership significantly predicted contextual performance (B = 0.146, p = 0.018), but did not significantly predict task performance (B = −0.057, p = 0.309). Thus, H_{01} was rejected for contextual performance but retained for task performance. This finding agrees with Majid et al., (2023) who found that transformational leadership strengthened positive employee behaviours through role clarity and engagement. It is also in line with Satriyo and Timotius (2026) who reported a positive transformational leadership effect on performance in a family firm. However, it differed from Aristana et al. (2024), who found no direct effect of transformational leadership on employee performance.

Transactional leadership produced a significant negative effect on task performance (B = −0.178, p = 0.007), but no significant effect on contextual performance (B = 0.031, p = 0.658). Accordingly, H_{02} was rejected for task performance but retained for contextual performance. This result contrasts with Hutama et al., (2024), who found that transactional leadership improved employees' performance through job satisfaction and trust. The negative task performance result may indicate that strong emphasis on rewards, monitoring and corrective actions does not always translate into better task completion, particularly where employees may perceive such practices as restrictive. The absence of a significant

effect on contextual performance further indicates that transactional leadership may have limited influence on voluntary behaviours that support colleagues and the wider workplace.

Laissez faire leadership also recorded a significant negative effect on task performance (B = −0.158, p < 0.001), while its effect on contextual performance was negative but insignificant (B = −0.073, p = 0.132). Therefore, H_{03} was rejected for task performance but retained for contextual performance. This finding differs from Dagunduro et al., (2026) who reported a positive significant effect of laissez faire leadership on employee performance in Nigerian manufacturing companies, but is partly consistent with Glaas et al., (2025), whose findings showed that employees' responses can determine whether laissez faire leadership produces positive or negative outcomes. This study result indicates that limited supervisory direction may hinder employees' ability to complete assigned duties, while its influence may be insufficient to produce measurable changes in contextual performance.

5. Conclusion and Recommendations

Based on this study analysis, results and findings, this study indicated that leadership styles have differential effects on employees' performance in selected family-owned businesses in Osun State, Nigeria. Transformational leadership demonstrated a significant positive effect on contextual performance but did not significantly influence task performance, indicating that its contribution may be more evident in employees' behaviours that support the broader work environment. Transactional leadership significantly and negatively affected task performance, while its effect on contextual performance was not significant. Similarly, laissez faire leadership significantly and negatively affected task performance but showed no significant effect on contextual performance. These findings therefore indicated that leadership style should not be viewed as producing a uniform performance outcome across all dimensions of employees' performance. Rather, the influence of leadership depends on the specific performance dimension being considered and the organisational context in which leadership is exercised. The results therefore highlight the importance of aligning leadership practices with the specific performance expectations and working conditions of family-owned businesses. The study therefore recommends that family business managers should strengthen transformational leadership practices, particularly through employees' motivation, individualised consideration and clear communication to improve contextual performance and encourage employees to contribute beyond their routine duties. Managers should review the application of transactional leadership, particularly where excessive emphasis on control, rewards or corrective actions may affect employees' task performance negatively. Those in charge of family-owned businesses should minimise excessive laissez faire leadership, particularly in the supervision of employees' core duties, by providing clear responsibilities, timely guidance and regular performance monitoring to support effective task completion. Lastly, the business owners and managers should adopt a balanced leadership approach through selecting leadership practices according to the nature of employees' responsibilities and the specific performance outcomes required, rather than relying exclusively on one leadership style.

References

Adenigbagbe, I., Adenigbagbe, K., Egbon-Charles, C., & Gambo, N. (2025). Impact of transformational leadership on employee performance in small and medium-sized enterprises (SMEs) in Abuja, Nigeria. *European Journal of Business and Innovation Research, 13*(1), 87–104. https://doi.org/10.37745/ejbir.2013/vol13n187104

Ahmad, Z., Iftikhar, H., Iram, T., & Mohd Mustamil, N. (2025). Breaking the mold: Traits that shape succession success in small family businesses. *European Journal of Family Business, 15*(2), 161–185. https://doi.org/10.24310/ejfb.15.2.2025.21259

Anderson, M. H., & Sun, P. Y. T. (2024). Re-envisioning a hierarchy of leadership behaviours using insights from the psychological literature on personality traits. *Journal of Management Studies, 61*(4), 1165–1191. https://doi.org/10.1111/joms.12922

Aristana, I. N., Adhika, I. N. R., Rihayana, I. G., & Salain, P. P. P. (2024). Transformational leadership and employee performance: Mediation of organizational citizenship behavior. *International Journal of Scientific Research and Management, 12*(6), 6579–6590. https://doi.org/10.18535/ijsrm/v12i06.em02

Atiku, S. O., & Van-Wyk, E. (2024). Leadership practices and work engagement in higher education: The mediating role of job demands-resources. *SAGE Open, 14*(1), 1–13. https://doi.org/10.1177/21582440241233378

Augustine, T., & Sayyad, A. (2025). A study of impact of transactional leadership on employee productivity in non-banking financial companies of Pune City. *European Economic Letters, 15*(2) 1706–1717. https://doi.org/10.52783/eel.v15i2.2998

Bello, H. M., Yusuf-Habeeb, M. O., Odichukwuma, N. M., Udoh, I., Adams, M. E., & Bello, J. F. (2025). Effects of leadership styles on employee performance: A study of Transmission Company of Nigeria (TCN). *Abuja Journal of*

Business and Management, 3(1), 15-27. https://doi.org/10.70118/ajbam-01-2025-86

Biloa, X. S. (2023). The impact of leadership style on employee job performance. *Open Journal of Leadership, 12*(4), 418–441. https://doi.org/10.4236/ojl.2023.124020

Bobai, D. K., Ben Walson, K. C., Dyeri, R. Y., & Ibrahim, M. S. (2026). Effect of leadership style on employee performance in Dangote Cement Plc, Obajana Plant, Kogi State, Nigeria. *British Journal of Marketing Studies, 14*(2), 59–72. https://doi.org/10.37745/bjms.2013/vol14n25972

Burns, J. M. (1978). *Leadership*. Harper & Row.

Dagunduro, M. E., Oguntuase, T., & Ibijola, A. O. (2026). Leadership styles as determinants of employee performance: Evidence from Nigerian manufacturing companies. *Asian Journal of Economics, Finance and Management, 8*(1), 634–655. https://doi.org/10.56557/ajefm/2026/v8i1394

Daramola, J. S. (2025). The effect of leadership styles on employee performance in higher education: Evidence from a tertiary institution in Nigeria. *International Journal of Research and Innovation in Social Science, 9*(14), 2281–2300. https://doi.org/10.47772/IJRISS.2025.914MG00174

Eshete, S. K., Debela, K. L., & Kebede, T. A. (2025). Personality and workplace employees' performance: Systematic review. *Journal of Innovation and Entrepreneurship, 14*, Article 131. https://doi.org/10.1186/s13731-025-00602-9

Estorninos, M. A., & Castino, J. M. P. (2024). HR practices, risk management, planning and employees' perceived performance of family-owned businesses. *International Journal of Research and Innovation in Social Science, 8*(8), 1233–1243. https://doi.org/10.47772/IJRISS.2024.808092

Filani, P., Peter, I. P., Saifudeen, A., & Nwannebuife, A. S. (2025). Transformational leadership and employee performance among hotels in Lagos metropolis. *European Journal of Business and Innovation Research, 13*(1), 52–70. https://doi.org/10.37745/ejbir.2013/vol13n15270

Glaas, S., Pham, H., Kuonath, A., & Frey, D. (2026). Thriving or withdrawing: How job crafting and disengagement shape responses to daily laissez-faire leadership. *Journal of Business and Psychology, 41*, 897–914. https://doi.org/10.1007/s10869-025-10056-1

Grill, M. (2025). Recognizing employees' contribution to effectiveness and values: A randomized waitlist controlled trial of operant-based leadership training. *PLOS ONE, 20*(4), Article e0320131. https://doi.org/10.1371/journal.pone.0320131

Hutama, A. A., Noermijati, & Irawanto, D. W. (2024). The effect of transactional leadership on employee performance mediated by job satisfaction, job stress and trust. *International Journal of Research in Business and Social Science, 13*(3), 151–166. https://doi.org/10.20525/ijrbs.v13i3.3297

Ismaila, H. S. (2024). Effects of leadership style on employee performance in the financial industry of Nigeria. *International Journal of Multidisciplinary Research and Development, 11*(6), 13–18. https://www.allsubjectjournal.com/assets/archives/2024/vol11issue6/11129.pdf

Nasr, A. K., Rashidirad, M., Asgari Hatamabadi, H., Ghasempour Nejati, M., & Hajli, N. (2025). Professionalization in family businesses: The role of leadership style. *International Journal of Entrepreneurial Behavior & Research, 31*(4), 1101–1129. https://doi.org/10.1108/IJEBR-11-2023-1207

Khanh, N. D., & Hang, H. T. T. (2026). Leadership behavior and employee job performance in Vietnamese banks: The mediating role of organisational culture. *Journal of Finance and Marketing Research, 4*(1), 66-84. https://jfm.edu.vn/index.php/jfme/article/view/741/817

Kumar, A. S., Shukla, A., & Rao, P. K. (2025). Evaluating employee performance in the Indian manufacturing sectors: Identifying critical success factors. *International Journal of Organizational Analysis, 33*(10), 3562–3586. https://doi.org/10.1108/IJOA-09-2024-4812

Lukito, D., Susanti, M., Susanto, Y., Judijanto, L., Ali, M., Hartono, & Mahardhani, A. J. (2025). Determinants of sustainable employee performance: A study of family businesses in Indonesia. *Asia Pacific Management Review, 30*(2), Article 100340. https://doi.org/10.1016/j.apmrv.2024.12.004

Muaha, P., Opoku, F. K., Bartrop-Sackey, M., & Osei Boakye, A. (2026). High performance work systems and supervisor support as drivers of task and contextual performance: Evidence from Ghana's mining industry. *Cogent Business & Management, 13*(1), Article 2677221. https://doi.org/10.1080/23311975.2026.2677221

Ndubuisi-Okolo, P. U., & Ani, A. A. (2025). The effects of leadership style on employee performance: Evidence from brewery firms of South-East, Nigeria. *Journal of Economics and Trade, 10*(2), 180–191. https://doi.org/10.56557/jet/2025/v10i210024

Neffe, C., Wilderom, C., & Lattuch, F. (2024). Family firm performance through transformational CEO leadership and familiness-related team forces. *Leadership & Organization Development Journal, 45*(6), 992–

1010. https://doi.org/10.1108/LODJ-09-2023-0536

Ofobruku, G. (2025). Impact of motivation on task performance and contextual performance among employees of correctional centres in South South geopolitical zone of Nigeria. *International Journal of Commerce and Management Research, 11*(4), 18–26. https://www.managejournal.com/assets/archives/2025/vol11issue4/11040.pdf

Okundalaiye, H., & Okoye, S. O. A. (2025). Leadership style on SME performance in South-South Nigeria. *Journal of Sustainable Education, 2*(1), 35–45. https://doi.org/10.71257/jse.v2i1.3751

Oluwasanmi, O. O., Okponung, A. T., Sodeinde, G. M., & Ibrahim, K. M. (2025). Employee mental health and workplace performance in the Nigerian public and private sectors. *Journal of the Management Sciences, 62*(1), 178–206. https://journals.unizik.edu.ng/jfms/article/view/6928

Sanchez-Marin, G., Carrasco-Hernández, A. J., Vicente-Sánchez, E., & Danvila-del-Valle, I. (2026). Family dynamics, human resource practices and the performance of family firms. *Canadian Journal of Administrative Sciences, 43*(1), Article e70021. https://doi.org/10.1002/cjas.70021

Satriyo, M. N. A., & Timotius, T. F. (2026). Transformational leadership and employee performance: The mediating role of organizational citizenship behavior in family firms. *Jurnal Manajemen dan Kewirausahaan, 14*(1), 57–71. https://doi.org/10.26905/jmdk.v14i1.16382

Stogdill, R. M. (1948). Personal factors associated with leadership: A survey of the literature. *The Journal of Psychology, 25*(1), 35–71. https://doi.org/10.1080/00223980.1948.9917362

Sulaimon, A. A., Gbadamosi, T. O., Ebegbetale, C. I., Fajimolu, O. C., & Onyemaobi, C. A. (2024). Succession strategy and performance of selected micro family firms in Lagos State, Nigeria. *Nigerian Journal of Management Studies, 25*(2), 76–96. https://www.researchgate.net/publication/384690856_Succession_strategy_and_performance_of_selected_micro_family_firms_in_Lagos_State_Nigeria_Nigerian_Journal_of_Management_Studies_252_76-96_University_of_Lagos_Nigeria/link/6703e8ae906bca2ac3ed841d/download?_tp=eyJjb250ZXh0Ijp7InBhZ2UiOiJwdWJsaWNhdGlvbiIsInByZXZpb3VzUGFnZSI6bnVsbH19

Thomas, T. L., Aina, G. O., Maganda, A. L., & Wetsi, S. Y. (2026). Effect of transformational leadership on employee performance of selected public sector organisation in FCT Abuja. *Global Journal of Human Resource Management, 14*(5), 34–44. https://doi.org/10.37745/gjhrm.2013/vol14n53444

Thompson, P.-M. M., Thompson, T. M., Nordmo, M., & Arbet, P. (2026). With a little help from myself: Laissez-faire leadership, employee performance, and the buffering role of self-compassion. *Scandinavian Journal of Psychology, 67*(3), 801–813. https://doi.org/10.1111/sjop.70066

Tran, Y. T., & Hoang, T. C. (2024). Transformational leadership and public employee performance: The mediating roles of employee participation and public service motivation. *International Review of Administrative Sciences, 90*(4), 793–809. https://doi.org/10.1177/00208523241230439

Vila-Vazquez, G., Castro Casal, C., García Chas, R., & Álvarez Pérez, D. (2024). How transformational leadership shapes employee task performance? A sequential mediation model. *Leadership & Organization Development Journal, 45*(7), 1122–1141. https://doi.org/10.1108/LODJ-01-2023-0027

Zheng, S., & Li, L. (2024). Navigating the double-edged sword: How and when laissez-faire leadership affects employees' challenging behavior. *Acta Psychologica, 250*, Article 104549. https://doi.org/10.1016/j.actpsy.2024.104549