Mediation role of diversity climate on leadership and job satisfaction in the Ghanaian public sector

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Abstract

Purpose – This study examines the mediation role of diversity climate in the relationship between transformational leadership, transactional leadership and job satisfaction from the two-factor perspectives of intrinsic and extrinsic job satisfactions among local government servants in Ghana.

Design/methodology/approach – The study uses cross-sectional data from 322 employees in local government service of Ghana in the Greater Accra Region using purposive and stratified sampling methods. Bootstrapping method of mediation estimated using structural equation modelling is employed to test the hypothesized relationships.

Findings – The results find a differential effect of leadership behaviours on intrinsic and extrinsic job satisfaction, where transformation and transactional leadership relate positively to intrinsic and extrinsic job satisfaction respectively. Furthermore, the empirical findings reveal that diversity climate has mediated the relationship between transformational leadership and intrinsic job satisfaction, implying that diversity climate is an important process through which transformational leadership behaviours can elicit intrinsic job satisfaction among local government servants. Surprisingly, however, diversity climate does not serve as an important transmission mechanism in the relationship between transactional leadership and extrinsic job satisfaction.

Practical implications – This means that public sector leaders or managers can improve intrinsic job satisfaction among local government servants and by extension public sector employees by creating an ideal climate for diversity by transforming the work environment through leadership, specifically, transformational leadership behaviours.

Originality/value – Although studies abound on the link between leadership behaviours (transformational and transactional) and job satisfaction, the mediating effect of diversity climate as a mechanism in this relationship is very scarce and rare to find. Hence, our study has made original contributions to theory and practice by highlighting the role of diversity climate in converting leadership behaviours, specifically; transformational leadership into creating intrinsically satisfied workers in the public sector.

Keywords Transformational leadership, Transactional leadership, Job satisfaction, Diversity climate, Ghana, Africa, Public sector management

Paper type Research paper

Introduction

The necessity of managing and leading diverse workforce in organisations is growing, and has raised the role of leadership styles such as transformational and transactional leaderships in ensuring job satisfaction among different groups of workers. One of the most significant leadership and management issues that have emerged over the last three decades has been the increasing diversity of organisations' workforce (Jones and George, 2011). Globally,

organisations or workplaces are increasingly becoming more diverse. Organisations now recruit workers from different cultural, ethnic and demographic backgrounds (De Beer, 2009; Mayhew, 2011). In view of this, it is important that all organisations ensure effective climate for diversity (Mazur, 2010) in order to maximize the benefits of diversity such as employee job satisfaction while minimizing its potential drawbacks. Diversity climate in organisations can be described as practices, policies and procedures that are aimed at creating inclusive and conducive climate for diverse workers (Gonzalez and DeNisi, 2009; Groeneveld, 2011). Supportive diversity environments can promote effective management of multicultural workforce by enhancing their job satisfaction intrinsically and extrinsically (Ely and Thomas, 2001; Kaçire et al., 2015; McKay et al., 2009). Job satisfaction reflects the degree to which an individual likes the job; it is an enjoyable or positive feeling about one's job resulting from the assessment of one's job (Locke, 1976). Job satisfaction is a critical for local government institutions to provide services to meet the ever-growing and sometimes conflicting needs of citizens at the local levels of governance and rural areas (Mickson and Anlesinya, 2020) since satisfied employees are more productive that their dissatisfied counterparts (Riketta, 2008) and are essential in the realization of organisational goals.

The ability to recognize the diversity of an organisation's workforce could be a value expected of today's leaders (Schneider and Barsoux, 2003). Leadership in the views of Northouse (2004), 'is a process whereby an individual influences a group of individuals to achieve a common goal' (p. 3). Leaders need to be able to manage culturally diverse settings efficiently (Rockstuhl et al., 2011). It has also been suggested that the globalization of diverse populations requires the intercultural dialogue from the top management and leaders to manage diverse workforce in all areas of the business (De Beer, 2009; Mayhew, 2011). Thus, in order to blend a diverse workforce into a close knit and productive one, it requires strong leadership and or appropriate leadership style. Organisations with exemplary reputation in managing diversity typically have senior or top managers who champion diversity's benefits (Pongpayaklert and Atikomtrirat, 2011). Effective leaders needs to understand the multiplicity of values, perspectives, and worldviews that their individual workers and teams may cherish, and use appropriate leadership styles in different settings to create an inclusive and an effective work environment (Rockstuhl et al., 2011) that can enhance their job satisfaction.

In this regard, several studies (e.g. Ahangar, 2009; Almansour, 2012; Amin et al., 2013; Alonderiene and Majauskaite, 2016; Dartey-Baah and Ampofo, 2016; Hongnou et al., 2014; Mickson and Anlesinya, 2020; Wang et al., 2012; Yaghoubipoor et al., 2013) have investigated leadership behaviours (transformational and transactional) on job satisfaction, with majority showing positive result. Moreover, some scholars (e.g. Ashikali and Groeneveld, 2015a, b; Mujtaba and Sungkhawan, 2009; Schneider and Barsoux, 2003) noted that leadership style can improve diversity in the workplace while diversity climate (Ashikali and Groeneveld, 2015a, b; Kacire et al., 2015) was found to also enhance job satisfaction. This suggests that leadership behaviours can create the right climate for the management of diverse workforce, which will in turn lead to better or high job satisfaction among people working in work environments that are characterised by high diversity. However, there is dearth of studies on diversity management as a potential mediator in the relationship between leadership behaviour and job satisfaction generally and specifically in the public sector. Examining the indirect roles of transformational and transactional leadership behaviours on job satisfaction (intrinsic and extrinsic) via diversity climate can enhance the understanding of leaders in the local government sector to exhibit leadership behaviours that can create inclusive and right atmosphere for diverse workers to live in peace and harmony, to enhance their job satisfaction and advance organisational goals. As a result, this study sought to expand the existing literature by examining diversity climate as a mediator in the relationship between transformational and transactional leadership behaviours and job satisfaction using

empirical evidence for the Ghanaian public sector. Job satisfaction in this study is operationalized from the two-factor perspective of intrinsic and extrinsic job satisfaction. This is because as transactional leaders emphasize performance-reward relationship, such a leadership is more likely to relate to extrinsic aspects of job satisfaction while transformational may facilitate intrinsic satisfaction.

Our study has made two important contributions. First, if organisations do not take measures to manage diversity it will create various human capital outcomes including employee stress and dissatisfaction. On the other hand, effective management of diversity will bring about employee motivation and job satisfaction, leading to improvement in achievement of organisational goals. Because, leadership plays important role in ensuring that the diversity in a particular workplace creates no problems and also ensure that employees are satisfied, it is expected that leadership style can have indirect effect on the job satisfaction of employees. Unfortunately, the mediating effect of diversity climate in the relationship between leadership behaviours and job satisfaction as earlier indicated are very scarce and rare to find. So in response to the claim by Bass (1990) and Bass *et al.* (2003) that transactional and/or transformational leaders can improve job satisfaction among workers through several different mechanisms, we have contributed to existing knowledge by highlighting the intervening role of diversity climate in converting transformational and transactional leadership behaviours into job satisfaction among workers in a diversified work environment.

Thus, it shows from the social exchange theory perspectives, that transformational leaders can create climate for diversity to improve intrinsic job satisfaction by leveraging diversity-related exchanges. This evidence has further extended the full-range leadership theory (Bass, 1990; Avolio and Bass, 1995) and the two-factor theory of job satisfaction (Herzberg *et al.*, 1959) by suggesting diversity climate as a novel mechanism between leadership behaviour element of the full-range leadership theory and the intrinsic job-satisfaction component of the two-factory theory of job satisfaction. Moreover, the findings extend the aforementioned theories by demonstrating that transactional leadership can facilitate extrinsic job satisfaction while transformational leaders has more potential to enhance intrinsic job satisfaction. Additionally, the adoption of multiple theoretical lenses to examine this important topic has the potential to advance existing knowledge about the complex relationships between leadership behaviours, diversity and public sector job satisfaction. Thus, this result has not only added to the diversity, leadership and job satisfaction literature in the context of public sector personnel management, but also can enhance managers' understanding of and the need to deplore appropriate leadership behaviours to improve a particular facet of job satisfaction that may be lacking among diverse workforce.

Furthermore, given the claim by Groeneveld (2011) that 'effective management of diversity will increasingly be a central issue for public sector management' (p. 594), our findings can promote effective public sector management. The diversity of workers in organisations is on the rise coupled with the persistent challenge of enhancing job satisfaction among employees in a diversified work environment. Understanding diversity is particularly relevant for public sector institutions, which is under regulatory constraints to avoid discrimination in employment practices, as well as to ensure the development of more ethnically diverse workforces to meet the changing public expectations and needs (Garrow, 2012). By developing diversity climate, public organisations will be playing exemplary role and improve their legitimacy (Groeneveld, 2011; Selden and Selden, 2001). In particularly, by transforming the workplace to be inclusive through transformational leadership, it can affect employees' perceptions of their work environment (Gonzalez and DeNisi, 2009; Groeneveld, 2011), which in turns improve intrinsic job satisfaction (Acquavita *et al.*, 2009; Choi, 2009; Glisson and James, 2002). The findings, therefore, are expected to encourage leaders in the

local government sector to engage in appropriate leadership behaviours that can create the right atmosphere for diverse workers to live in peace and harmony, which will in turn enhance their intrinsic job satisfaction.

Literature review and hypotheses
Full range leadership theory
There is no generally accepted definition of the leadership as various scholars (Hersey and Blanchard, 1969; Kouzes and Posner, 2006; Aydin and Ceylan, 2009; Northouse, 2004; Robbins, 2005) have developed definitions based on how they understand or perceive it. Kouzes and Posner (2006) defined leadership as a relationship that exists leaders and followers. In the views of Northouse (2004), leadership is a process whereby a person influences another person or persons to word towards achieving a particular objective. While, autocratic, democratic and laissez-faire styles of leadership are the traditional classifications, transformational-transactional leadership theory is often used in recent times for describing and assessing the behaviours of leaders in organisations (Riaz and Haider, 2010; Webb, 2009).

Transformational leadership is the procedure that changes and transforms individuals, teams and organisations (Northouse, 2004). It occurs when leaders broaden and 'elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir their employees to look beyond their own self-interest for the good of the group' (Bass, 1990, pp. 21). Bass (1990) identified four dimensions of transformational leadership: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Inspiration motivation involves the processing of stimulating enthusiasm in subordinates and building their confidence level in their capability to successfully execute their assigned tasks (Yukl, 1981). With intellectual stimulation, the leader is concerned with making followers to be active thinkers as they strive to do their work or find solution to problems (Avolio and Bass, 1995; Shamir et al., 1993). Individualized consideration behaviour involves paying attention to each individual's need for achievement and growth by giving them the necessary support in form of coaching, mentoring, among others while idealized influence describes their charismatic influence in leading followers to achieved the desired organisational goals (Bass, 1990; Boerner et al., 2007). Thus, transformational leadership is concerned with inspiring, stimulating, and energizing employees to realize certain challenging goals (Bass, 1990; Wright et al., 2012), which in turn make employee become more intrinsically satisfied with their job as such behaviours satisfied their high-order needs.

Transactional leadership on the other hand, refers to a dynamic exchange between leaders and their subordinates (Bass, 1990; Burns, 1978). In this leadership, the working relationship between managers and their subordinates is developed through exchange, such as a financial or non-financial rewards system for achieving a particular goal (Bass, 1990; Burns, 1978; Lai, 2011, p. 1). Transactional leadership behaviour is characterized by contingent rewards and management by exception. Using contingent rewards, managers 'specify and clarify goals, which their subordinates are supposed to reach, and announce appropriate rewards. Management by exception both active and passive is characterized by leaders who limit themselves to their role as monitors and intervene only exceptionally' (Boerner et al., 2007, p. 17). Transactional leadership behaviours of clarifying employee goals and expected rewards upon achievement, is expected to make employees become more satisfied extrinsically (Podsakoff et al., 2006).

Although there are various dimensions of transformational and transactional leadership styles, this study has aggregated the dimensions of these leadership behaviours, by treating both leadership behaviours as unidimensional concepts. The reason for because consistent evidence has demonstrated that the dimensions for each of the leadership styles are usually correlated highly ($r = 0.83$ on average; Bass and Avolio, 2000. It is also consistent with prior

studies (e.g., Dartey-Baah *et al.*, 2019; Mickson and Anlesinya, 2020; Boerner *et al.*, 2007; Hambley *et al.*, 2005; Walumba *et al.*, 2004) that have operationalized these leadership behaviours as unidimensional concepts.

Job satisfaction – two-factor perspective: intrinsic and extrinsic
Job satisfaction reflects the degree to which an individual likes the job; it is an enjoyable or positive feeling about one's job resulting from the assessment of one's job (Locke, 1976). Job satisfaction is how much one likes a specific kind of job or work activity (Locke, 1976; Lussier and Achua, 2004) rather than how hard or well one works. From the perspectives of the two-factor theory of motivation and satisfaction (Herzberg *et al.*, 1959), job satisfaction consists of both intrinsic and extrinsic components. The intrinsic refers how people feel about the nature of the job (the nature of the tasks themselves) such as challenging responsibilities, respect and status, opportunities for growth and advancement, etc.) whereas extrinsic job satisfaction refers how people feel about aspects of the work environment like pay, security of employment, relationship with management, etc., which is external to the job tasks or work itself (Hirschfeld, 2000). Job satisfaction in this study is therefore operationalized from the two-factor perspective; consisting of intrinsic and extrinsic job satisfaction.

Leadership behaviours and employee job satisfaction
Several studies have examined the relationship between leadership behaviours and employee job satisfaction (e.g. Alonderiene and Majauskaite, 2016; Dartey-Baah and Ampofo, 2016; Menon, 2014; Mickson and Anlesinya, 2020). In Lithuanian public and private universities, Alonderiene and Majauskaite (2016) showed that transformational leadership style and transactional leadership can have significant positive influence on employee job satisfaction. In a related study in the manufacturing sector in Ghana, Dartey-Baah and Ampofo (2016) found that transactional leadership style has significant positive effect on job satisfaction. Recently, Mickson and Anlesinya's (2020) study in Ghana's local government sector showed that both transactional and transformational leadership have improved job satisfaction, with transactional leadership surprisingly showing greater effect relative to transformational leadership. Earlier, Menon (2014) examined the relationship between leadership styles (transformational, transactional and passive-avoidant leadership) and job satisfaction in the Republic of Cyprus. The empirical data was collected from 438 secondary school teachers. Using structural equation modelling, the results suggested that all the elements of the full range leadership models were significant. In particular, both transformational leadership and transaction leaderships have positive effect, while the passive-avoidant leadership has a significant negative effect on job satisfaction. Similarly, Tsai (2008) investigated manager's leadership and employee's job satisfaction. The study was conducted in the international tourist hotel industry's context. Using useable questionnaires of 300 and correlation analysis, the study revealed that consideration style-leadership style positively predicted job satisfaction more than construction- leadership style. Recently, in the US, Ugaddan and Park's (2017) findings indicated that the quality of political and administrative leadership exhibited can increase public service motivation and employee engagement in public sector organisations. However, most of the above studies did not operationalized job satisfaction from the perspective of the two factor-theory of job satisfaction (intrinsic and extrinsic), even though and as indicated earlier, transactional leadership may facilitate extrinsic job satisfaction while transformational leaders has more potential to enhance intrinsic job satisfaction. It is argued that leadership behaviour, specifically, transformational and transactional leadership behaviours can enhance employee extrinsic and intrinsic job satisfaction in Ghana's local government sector.

Diversity climate

The concepts of workplace diversity and diversity management have been variously defined. The term diversity basically refers to the differences that exist between individuals. This makes each and every worker unique with respect to their age, gender, religion, personality, ethnicity, culture, nationality and the deeper aspects of individuals such as attitudes, values and behaviours (Dessler, 2011; Kossek *et al.*, 2005; Shaw and Barrett-Power, 1998). Diversity climate therefore means an atmosphere that is purposively created for the promotion of diversity at work (Draft and Marcic, 2008; Henry and Evans, 2007). It can be described as practices, policies and procedures that are aimed at creating inclusive and conducive climate for diverse workers (Gonzalez and DeNisi, 2009; Groeneveld, 2011). Managing diversity involves strategies to ensure that the organisation derives maximum gains from its diversity, but it also requires that its barriers or negative consequences are minimised or removed (Dessler, 2011). It also constitutes the assistance given to the employees to achieve their maximum potential at workplaces and ensuring that the privileges rendered out to workers are fair (Henry and Evans, 2007). In the views of Mujtaba and Sungkhawan (2009), the concept involves creating synergistic results that are equal to or greater than the sum of the individual parts by enabling each member of the workforce to perform above and beyond his or her potential.

Diversity climate and job satisfaction

Supportive diversity climate can enhance job satisfaction among diverse workers in organisations (Ely and Thomas, 2001; Kaçire *et al.*, 2015; McKay *et al.*, 2009). The link between diversity climate and job satisfaction has been investigated by some researchers (e.g. Ashikali and Groeneveld, 2015a, b; Kaçire *et al.*, 2015; McKay *et al.*, 2009). Kaçire *et al.* (2015) examined the effect of diversity climate on general satisfaction of university students using data from 273 students in Dicle University. Using structural equation modelling, the study found that perceived diversity climate has significant positive effect on the general satisfactions of university students positively and significantly. Employee's perception of a positive diversity climate signals to them that their organisation cares about their work environment (McKay *et al.*, 2009). In the Western United States, Brimhall *et al.* (2014) studied the link between diversity characteristics, leader–member exchange, diversity climate, perception of inclusion, and job satisfaction in a large urban public child welfare agency using two waves of data from 363 employees. The structural equation modelling analysis showed that diversity climate has a positive effect on job satisfaction through inclusion. This means that diversity climate creates inclusive environment, which consequently, leads to enhancement in employees' job satisfaction level. In a similar study, Madera *et al.* (2013) examined the effect of hotel managers' perceived diversity climate on role ambiguity, role conflict and job satisfaction in the state of Texas, and found that managers who perceived a positive diversity climate also reported more job satisfaction. From the above, it can be inferred that job satisfaction of employees in an organisation that is characterized by effective climate for diversity will be high than in organisations where climate for diversity is lacking or inadequate.

Leadership, diversity climate and job satisfaction

In order to blend a diverse workforce into a close knit and productive one, it requires strong leadership and or appropriate behaviours of leaders and managers (Pongpayaklert and Atikomtrirat, 2011). Organisations with exemplary reputation in managing diversity typically have senior or top managers who champion diversity's benefits by advocating the need for and advantages of a diverse workforce and also acting as role models for demonstrating pro-diversity behaviours (Pongpayaklert and Atikomtrirat, 2011). In order to provide vision and

inspire their organisations, effective leaders needs to understand these multiplicity of values, perspectives, and worldviews that their individual workers and teams may cherish and use their cultural intelligence and appropriate leadership styles in different settings to create an inclusive and an effective work environment (Rockstuhl *et al.*, 2011). From the above, it can be argued that behaviours of leaders in organisations can improve diversity in the workplace. Specifically, it suggests that leaders have roles to play in ensuring that the diversity in their workplace is well managed by engaging in actions and instituting policies to create a conducive environment or climate for the management of diverse workforce.

As indicated in the proceeding, prior studies (e.g. Alonderiene and Majauskaite, 2016; Dartey-Baah and Ampofo, 2016; Menon, 2014; Mickson and Analesinya, 2020) indicated that transformational and transactional leadership behaviours can enhance employee job satisfaction. Similarly, from previous evidence (Pongpayaklert and Atikomtrirat, 2011; Rockstuhl *et al.*, 2011), it suggests that effective leaders manage workplace diversity well by engaging in actions and instituting policies to create a conducive environment or climate for diverse workforce to live in peace and harmony with one another. This supportive diversity climate in turn can enhance job satisfaction among diverse workers in organisations (Ely and Thomas, 2001; Kaçire *et al.*, 2015; McKay *et al.*, 2009).

Given that public sector employees have the tendency to be intrinsically satisfied with their jobs, transformational leadership can contribute positively towards enhancing job satisfaction among local government servants (Orazi *et al.*, 2013). Besides, as transformational leaders emphasize development of a clear vision, working collectively to achieve the vision of the organisation, inspiring workers to share and accept the common vision, and providing assistance to them to achieve the vision of the organisation (Paarlberg and Lavigna, 2010; Wright *et al.*, 2012; Wright and Pandey, 2009), we argue that it can enhance employees' intrinsic job satisfaction. Moreover, according to Ashikali and Groeneveld (2015a, b), transformational leadership behaviours fit very well with creation of diversity climate. Indeed, diversity scholars expect a dual effect; in that, these leaders foster the positive effects and at the same time minimize the adverse effects of diversity on employee attitudinal and behavioural outcomes (Kearney and Gebert, 2009; De Vries and Homan, 2008). Specifically, transformational leaders by fostering collective team identification eliminate or minimize adverse effects of differences in the workforce (Kearney and Gebert, 2009). Aside, transformational leaders are more likely to foster an inclusive culture in which diverse employees feel respected and valued (Ashikali and Groeneveld, 2015a, b), and improve their intrinsic job satisfaction.

Also, due to the potential for this leadership to treat different worker groups fairly and ensuring that the privileges rendered out to workers are fair through its individualized consideration behaviours (Henry and Evans, 2007), it can result in different categories of workers experiencing intrinsic job satisfaction. In addition, as indicated earlier, transformational leadership aims to changes and transforms individuals (Northouse, 2004), and to elicit their intrinsic motivation, it is argued that transformational leadership behaviours can help employees irrespective of their backgrounds to meet their intrinsic needs, leading to high level of intrinsic satisfaction with job. Besides, as transformational leaders are seen as role model and behaves consistently with articulated ethics, principles and values (Boerner *et al.*, 2007), they can develop a vision for the creation of a climate for diversity and inspire employees to accept and collectively achieve the vision through the leaders' espousing diversity principles and values, and thus, improve intrinsic job satisfaction among group members who may be different in diverse ways.

Again, from the perspective of the social exchange theory (Blau, 1964), when employees are involved in trustworthy exchanges with the organisation, they experience a sense of felt obligation that invites reciprocation through positive inclinations toward, and behaviours that benefit the organisation. Unlike transactional leadership which focuses on economic

exchanges, transformational leadership focuses mainly on social exchanges between leader and follower in the form of the psychological contract, and thereby increasing intrinsic job satisfaction (Pillai *et al.*, 1999). Following social exchange theory, it may be expected that employees will respond to being valued and cared by reciprocating with attitudes and behaviours that are beneficial for the organisation (Aryee *et al.*, 2002; Eisenberger *et al.*, 2001). This means that social exchange theory thus, explains the mechanism why diversity climate could mediate transformational leadership and job satisfaction since transformational leadership seeks to meet intrinsic needs rather than transactional needs of workers by transforming diverse individuals and groups. Consequently, we hypothesized that:

H1. Diversity climate will mediate the relationship between transformational leadership and intrinsic job satisfaction among local government servants in Ghana.

Through the transactional leader's explicit instructions about how to achieve organisational goals and rewards that will be obtained in return, can make employees get extrinsic rewards (House, 1996; Kim *et al.*, 2014, pp. 239–240). This action of transactional leaders can also create appropriate diversity climate for diverse groups of workers to work together effectively. More specifically, transactional leaders can easily implement policies and practices to create climate for diversity by setting diversity-related performance goals, clarify the path to achieve such goals, monitor progress towards the achievement of diversity goals, and explicitly indicates rewards that employees stand to get by achieving diversity-related goals in the organisation, thereby enhancing their extrinsic job satisfaction.

This is consistent with the social exchange theory of leadership (Blau, 1964). In this case, when individuals feel that a person (such as a leader) or organisation has treated them positively, they reciprocate by treating the person or organisation favourably in return (Farganis, 2011; Shore *et al.*, 2006). The exchanges entail a number of interactions that over a period of time generate obligations and liberties between workplace social network members. Even though financial rewards are frequently not available in local government institutions, public managers can still use verbal and/or other rewards to improve extrinsic job satisfaction among employees (An *et al.*, 2019). And when it is rightly sustained under the right circumstances, it is able to breed high quality relationships in the workplace (Åmo, 2006) and in turn can make them have positive experience with their job extrinsically.

According to Brimhall *et al.*'s (2014) longitudinal study of employees of a large urban public child welfare agency in the western United States suggests that existence of quality transactional relationship between leaders and diverse work groups can create a perception of an inclusive climate for the satisfaction of diverse workforce. This implies that diversity climate is expected to mediate the relationship between transactional leadership behaviour and extrinsic job satisfaction since transactional leadership relates mainly to meeting extrinsic (transactional-related) job satisfaction. Consequently, we hypothesized that:

H2. Diversity climate will partially mediate the relationship between transactional leadership and extrinsic job satisfactions among local government servants in Ghana.

The hypothesized relationships between transformational leadership, transactional leadership, and diversity climate and job satisfaction from the two-factor perspective of intrinsic and extrinsic job satisfaction are summarized and depicted in Figure 1.

Methodology
Study context
The study examined the mediation role of diversity climate on the relationship between leadership behaviours and job satisfaction among workers in the local government sector of

Ghana. Local Government Service is the newest of the public services of Ghana. It is established by Local Government Service Act 2003 Act 656 with its objective being 'to secure effective administration and management of local government in the country'. The Local Government Service (LGS) which includes the Local Government Service Secretariat (LGSS), Metropolitan, Municipal and District Assemblies (MMDAs) and the Regional Co-coordinating Councils (RCC), has as its governing body a LGS Council which oversees governance issues and ensures effective functioning of the LGS (http://www.lgs.gov.gh/about-local-government). In Ghana's Local Government Service, there are diverse groups of workers. Moreover, public sector workers in Ghana tend to frequently engage in industrial strikes, often triggered by the need for better conditions of work. This suggests some level of job dissatisfaction in this sector (Mickson and Anlesinya, 2020). This suggests industrial actions in most organisations, including Local Government Service are triggered by extrinsic reasons. Thus, leadership, particularly transactional leadership may be useful in addressing this issue. This makes it an important context for the study. Furthermore, Bame (1974) argued that Ghanaian workers often use extrinsic job dissatisfaction such as low salaries and wages as a meaningful and acceptable object for justifying strike actions while discussing their real causes of job dissatisfaction, which may be intrinsic job satisfaction-related. Thus, transformational leadership equally, has an important role to play in understanding the real underlying causes of job satisfaction, in order to enhance job satisfaction. Again, none of the studies reviewed on the topic have focused on local government sector leadership, diversity and job satisfaction. Hence, this study in Ghana's local government sector is worth investigating.

Data and sample
The study collected data from employees in Ghana's Local Government Service in Greater Accra Region. We selected a convenience sample of four hundred and fifty (450) employees working in the Local Government Service. However, 322 were found to be useable. This sample size is similar to previous studies in Ghana (see Gyensare *et al.*, 2016; Mickson and Anlesinya, 2020). In selecting these research participants, the researchers adopted a multi-stage sampling method by using purposive and proportionate stratified sampling techniques to select the organisations. The stratified sampling technique ensured that the heterogeneous target population was grouped into three homogeneous strata: Districts, Municipalities and Metropolitan Assemblies. There were 16 Metropolitan, Municipal and District Assemblies in the Greater Accra Region of Ghana at the time of data collection: 6 District Assemblies, 8 Municipal Assemblies and 2 Metropolitan Assemblies. Three District Assemblies, four Municipal Assemblies and One Metropolitan Assembly were purposively selected for the study. The purpose of doing this is to ensure that each category is fairly represented in this study. Majority (46%) of the respondents were males while some (44.10%) were females. Also, 32 respondents representing 9.90% did not indicate their gender. In terms of age, majority
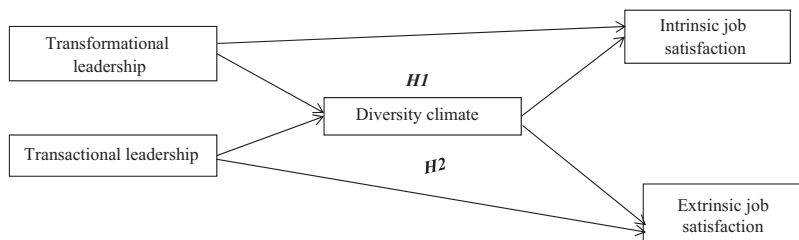
Source(s): Authors' own framework

(39.80%) of the respondents were 29–38 years. This was followed by the age categories of 18–28 and 39–48 which have 76 respondents representing 23.60% each. In addition, 12 respondents representing 3.70% were 49–60 years old. However, 9.30% did not indicate their age categories. In terms of education, more than half (51.60%) of the respondents had University degrees (bachelor and masters), some (31.10%) had diploma and High National Diploma (HND) and few (5.60%) had Senior High School or equivalent qualifications but 38(11.80%) did not state their educational qualifications.

Measures

Diversity climate: Diversity management climate was measured using a three-item scale derived from previous research studying the effectiveness of diversity management (Choi, 2009; Pitts, 2009). This scale has also been utilised by other researchers such as Ashikali and Groeneveld (2015a, b). It was measured on five point Likert scale with 1 = strongly disagree to 5 = strongly agree. The measurement items for diversity climate are shown in Table 1.

Leadership behaviour: The study adapted nine items from the Multifactor Leadership Questionnaire (MLQ) Form 5X-Short developed by Avolio and Bass (2004) to measure transformational leadership and transactional leadership behaviours. Specifically, four items measured transformational leadership across its four main dimensions of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Transactional leadership was measured using five statements across its three dimensions of contingent reward, management by exception – active and management by exception – passive. The items were measured using five point Likert scale, where 1 = strongly disagree to 5 = strongly agree. The scale has recently been used also by Mickson and Anlesinya (2020). The measurement items for transformational and transactional leadership behaviours are shown in Table 2.

Job satisfaction: The items under this section sought to ascertain the extent to which workers are satisfied with their job. The fourteen (14) measured on five point Likert scale with 1 = strongly disagree to 5 = strongly agree were adapted from Hackman and Oldham (1975). The scale has recently been used also by Mickson and Anlesinya (2020). An EFA analysis revealed that job satisfaction has two factors, which were namely as extrinsic job satisfaction and intrinsic job satisfaction. The measurement items for the two-factor job satisfaction are shown in Table 3.

Control Variables – Based on preliminary analysis, the study controlled for the age and level of education of the participants. Age was coded 1 = young adult (18–40 years) and 0 = old adults (40–60 years). Education was also coded as 1 = University education and 0 = pre-university education. These factors were found to influence job satisfaction in prior studies (e.g. Mickson and Anlesinya, 2020).

Construct items	Factor loadings
DM1: Supervisors/team leaders in my work unit are committed to a workforce that is representative of all segments of society	0.77
Managers/supervisors/team leaders work well with employees of different backgrounds	0.75
Policies and programmes promote diversity in my workplace (e.g., recruiting minorities and women, training in awareness of diversity issues, mentoring)	0.74
Note(s): Kaiser-Meyer-Olkin (KMO) Sampling Adequacy test = 0.645; Bartlett's test of Sphericity = 106.621, $p < 0.001$; Cumulative variance explained = 56.738%; Extraction method = principal component analysis	

Table 1.
EFA analysis of diversity climate scale

Construct items	Factor loadings
Transformational leadership	
TFL1: My leader provides vision and sense of mission, instils pride, gains respect and trust	0.79
TFL2: My leader communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways	0.74
TFL3: My leader promotes intelligence, rationality, and careful problem solving	0.72
TFL4: My leader gives personal attention, treats each employee individually, coaches, advises	0.62
Transactional leadership	
TSL6: My leader concentrates his/her full attention on dealing with mistakes, complaints or failures	0.82
TSL7: My leader directs my attention toward failures to meet standards	0.73
My leader keeps track of all mistakes	0.56
My leader makes clear what I can expect to receive when performance goals are achieved	0.53

Note(s): Kaiser-Meyer-Olkin (KMO) Sampling Adequacy test = 0.723; Bartlett's test of Sphericity = 672.964, $p < 0.001$; Cumulative variance explained = 54.145%; Extraction method = principal component analysis

Table 2.
EFA analysis of
leadership scale

Construct items	Factor loadings
Intrinsic job satisfaction	
JS2: I am satisfied with the scope for using initiative	0.77
JS7: I am satisfied with the sense of achievement I get from my job	0.66
JS6: I am satisfied with the training I have received	0.66
JS1: I am satisfied with the work I do	0.62
Extrinsic motivation	
JS5: I feel my job is secure	0.66
JS4: I am satisfied with my pay	0.81

Note(s): Kaiser-Meyer-Olkin (KMO) Sampling Adequacy test = 0.677; Bartlett's test of Sphericity = 203.287, $p < 0.001$; Cumulative variance explained = 52.012%; Extraction method = principal component analysis

Table 3.
EFA analysis of job
satisfaction scale

Data analysis
Exploratory factor analysis and confirmatory factory analyses were used to validate the measurement items. Also, Bootstrapping method has been suggested as a robust means for assessing significance of the indirect effect. This method has been proved to perform best in terms of both power and controlling Type I error rates (Preacher and Hayes, 2008). Hence, bootstrapping method of mediation analysis constructed at 95% Confidence Intervals (C.I) (percentile method) was used to test the significant the indirect effect with the aid of structural equation modelling (SEM) computed using IBM Amos version 24.0. The use of SEM allowed for the simultaneous testing of the hypothesized model while reducing measurement problems of measurement error, which is a major issue in cross-sectional survey data, thereby enhancing the quality of the estimates.

Results and findings
Tests of multivariate normality and common method bias
Multivariate kurtosis value was 0.92 with a critical ratio of 0.65, suggesting the data is normally distributed. Besides, common method bias was assessed using Harman's Single factor method via exploratory factor analysis (Podsakoff *et al.*, 2003). When all the items were

used for the analysis, the results revealed five factors; with 61.931% variance explained but the highest variance explained by a single factor was 26.76%, followed by 10.43 and 7.33% being the least. Thus, since a single factor did not explained more than 50% of the variance (Podsakoff *et al.*, 2003), it is concluded that common method bias was not an issue in the data.

Results of reliability and validity analyses

The composite reliability values which is comparable to Cronbach's α (Nunnally, 1978) in Table 4 ranged from 0.66 to 0.81, and only one construct's value is less than 0.70 thus, the variables are concluded to demonstrate acceptable level of internal consistency (Fornell and Larcker, 1981). The divergent validity was assessed using average variance explained (AVE). The AVE for all the variables in Table 4 were above the 0.50 (Götz *et al.*, 2010) with the exception of transactional leadership (AVE = 0.46), although close. According to Ping (2009), 'an AVE slightly below 0.50 might be acceptable if it does not produce major discriminant validity problems, and the diminished AVE is noted and discussed in the limitations section of the paper'. The above are all satisfied in this case, and indeed, in other studies (e.g. Bacq and Alt, 2018), An AVE of less than 0.50 has been used; hence, our study followed similar footsteps. Thus, the variables generally demonstrated convergent validity. Similarly, since the square root of the AVE for each latent variable is more than the corresponding inter-construct Pearson correlations (Fornell and Larcker, 1981) in Table 5, it followed that the constructs demonstrated discriminant validity.

Variables	SFL	*t*-value
Transformational leadership (C.R = 0.76; AVE = 0.51)		
My leader communicates high expectations, uses symbols to focus efforts, and expresses important purposes in simple ways	0.63	Fixed
My leader promotes intelligence, rationality, and careful problem solving	0.71***	5.01
My leader gives personal attention, treats each employee individually, coaches, advises	0.79***	5.83
Transactional leadership (C.R = 0.66; AVE = 0.46)		
My leader concentrates his/her full attention on dealing with mistakes, complaints or failures	0.60	Fixed
My leader directs my attention toward failures to meet standards	0.75***	6.72
Diversity management (C.R = 0.75; AVE = 0.50)		
Policies and programmes promote diversity in my workplace (e.g., recruiting minorities and women, training in awareness of diversity issues, mentoring)	0.77	Fixed
Supervisors/team leaders in my work unit are committed to a workforce that is representative of all segments of society	0.64***	7.30
Managers/supervisors/team leaders work well with employees of different backgrounds	0.70***	10.24
Intrinsic job satisfaction (C.R = 0.81; AVE = 0.52)		
I am satisfied with the scope for using initiative	0.66	Fixed
I am satisfied with the sense of achievement I get from my job	0.71***	5.42
I am satisfied with the training I have received	0.77***	5.19
I am satisfied with the work I do	0.73***	6.44
Extrinsic motivation (C.R = 0.74; AVE = 0.63)		
I feel my job is secure	0.79	Fixed
I am satisfied with my pay	0.80**	11.37

Note(s): Model fit indices: CMIN/df (χ2/df) = 3.09; RMSEA = 0.08; CFI = 0.85; GFI = 0.93
*** SFL (Standardised factor loading) is significant at 0.1% (0.001); α = Cronbach's Alpha, CR = Composite Reliability and AVE = Average Variance Explained

Table 4.
Validity and reliability analyses for (CFA) measurement model

Variables	1	2	3	4	5	6	7	8
1. Intrinsic job satisfaction	*0.72*							
2. Extrinsic job satisfaction	0.25***	*0.79*						
3. Diversity climate	0.32***	0.15**	*0.71*					
4. Transactional leadership	0.39***	0.27***	0.30***	*0.68*				
5. Transformational leadership	0.44***	0.08	0.42***	0.34***	*0.71*			
Control variables								
6. Gender	0.03	−0.15***	−0.04	0.06	−0.01	1.00		
7. Age	0.02	−0.18**	−0.14*-0.09	−0.14*	−0.02		1.00	
8. Education	0.15**	0.03	0.14*	0.15**	0.16**	−0.07	−0.16**	1.00

Note(s): *** Correlation coefficient is Significant at 0.001 (0.01%); ** Correlation coefficient is Significant at 0.01 (1%); * Correlation coefficient is Significant at 0.05 (5%). The diagonal of the matrix displays the square root of each construct's Average Variance Extracted (in italic)

Table 5.
Correlation analysis
and tests of
discriminant validity
and multicollinearity

Correlation analysis and test of multicollinearity
Table 5 shows Pearson correlation between the variables. From the results, the significant correlation between transformational and transactional leadership behaviours (independent variables) and diversity climate (mediator), and correlation between diversity climate and both measures of job satisfaction (intrinsic and extrinsic) as well as the significant relationship between transformational and transactional leadership behaviours (independent variables) and intrinsic and extrinsic job satisfaction respectively (dependent variable) satisfied the conditions for mediation analysis as recommended by Baron and Kenney (1986). Overall, the correlations between the independent variables including the control variables did not raise multicollinearity problems.

Test of the structural model and mediating effects
The first hypothesis (H1) states that 'diversity management climate will partially mediate the relationship between transformational leadership and intrinsic job satisfactions among local government servants in Ghana'. *The* bootstrap mediation results in Table 6 showed that transformational leadership has a significant direct effect ($\beta = 0.32$, $p < 0.05$) and indirect effect effects via diversity climate ($\beta = 0.05$, p < 0.05) on intrinsic job satisfaction. This means that results provided empirical evidence in support of the hypothesis one (H1). The second hypothesis (H2) states that 'diversity climate will partially mediate the relationship between transactional leadership behaviour and extrinsic job satisfaction among local government servants in Ghana'. The results in Table 6 showed significant direct effect ($\beta = 0.27$, $p < 0.05$) of transactional leadership on extrinsic job satisfaction but the indirect effect ($\beta = 0.01$, $p > 0.05$) of transactional leadership via diversity climate on extrinsic job satisfaction is insignificant. Hence, hypothesis (H2) is not supported by the empirical evidence. With respect to the control variables, age has significant negative effect on extrinsic job satisfaction but positive effect on intrinsic job satisfaction. Gender also negatively affects extrinsic job satisfaction but insignificant positive effect on extrinsic job satisfaction. However, education has no significant effect on any of the two measures of job satisfaction.

Path/Relationship			Effect	Estimate	95% confidence level (CI)	
					Boot LCI	Boot UCI
TFL		>Intrinsic	Direct	0.32***	0.20	0.43
TFL	>DC	>Intrinsic	Indirect	0.05**	0.01	0.09
			Total	0.37***	0.26	0.46
TSL		>Extrinsic	Direct	0.27***	0.15	0.39
TSL	>DC	>Extrinsic	Indirect	0.01	−0.01	0.03
			Total	0.28***	0.17	0.40
Control variables						
Gender		>Intrinsic	Direct	0.03	−0.06	0.12
Gender		>Extrinsic	Direct	−0.17*	−0.27	−0.07
Age		>Intrinsic	Direct	0.12*	0.02	0.22
Age		>Extrinsic	Direct	−0.17**	−0.27	−0.07
Education		>Intrinsic	Direct	0.06	−0.03	0.15
Education		>Extrinsic	Direct	−0.05	−0.16	0.06
Model fit indices			*CMIN/df ($\chi2/df$) = 1.29; RMSEA = 0.03; CFI = 0.99; IFI = 0.99*			

Table 6.
Bootstrapping test of mediation at 95% confidence intervals (CI)

Note(s): (i) ***; **; * Bootstrap estimate is significant at 0.01% (0.001), 1% (0.01), 5% (0.05) respectively. (ii) Bolded starred estimate = Indirect effect (Mediation) is significant. (iii) TFL = transformational leadership; TSL = transactional leadership; DC = diversity climate; Intrinsic = intrinsic job satisfaction; Extrinsic = extrinsic job satisfaction; JS = job satisfaction

Discussions

Although studies on the link between leadership behaviours (transformational and transactional) and job satisfaction are abound (e.g. Alonderiene and Majauskaite, 2016; Dartey-Baah and Ampofo, 2016; Menon, 2014; Mickson and Analesinya, 2020), there is dearth of research on diversity climate as a mechanism in these relationships. As a result, we investigated whether diversity climate mediates the relationship between transformational leadership and intrinsic job satisfaction using empirical evidence from Ghana's Local Government Service (i.e. H1). The results from bootstrapping methods of mediation analysis which was estimated using SEM techniques confirmed that diversity climate partially mediated the relationship between transformational leadership and intrinsic job satisfaction. This empirical evidence suggests that transformational leadership behaviours create conducive and inclusive climate for different worker categories to thrive, and consequently, enhance their intrinsic job satisfaction. It further means that local government managers and by extension public leaders, who encourage intellectual stimulation, provides inspirational leadership, provides a vision, exhibits individualised consideration and whose behaviour and actions are characterised by idealized influence, has the tendency to create appropriate climate for diversity in their organisations effectively by emphasizing respect, tolerance and mutual respect among different worker groups, thereby resulting in improved intrinsic job satisfaction among them. It might also implies that transformational leadership behaviour develops collective excitement among different groups of workers with their jobs through the development of the abilities and capabilities of all employees irrespective of their background, culture, gender, age and experience by creating the perception of love, honesty, tolerance, trust and care among employees. This, from the perspectives of the social exchange theory is expected to make the workers to respond to being valued and cared by reciprocating with attitudes such as becoming intrinsic job satisfaction that are beneficial for the organisation. Our result therefore provided empirical evidence for Ashikali and Groeneveld's (2015a, b) argument that transformational leadership behaviours fit very well with the creation of diversity climate and positive employee attitudes since transformational leaders are more likely to foster an inclusive culture in which

diverse employees feel respected and valued, leading to improvement in their intrinsic job satisfaction. The research result also implies that when leadership effort is directed at creating supportive diversity environments (Ely and Thomas, 2001; Kaçire *et al.*, 2015; McKay *et al.*, 2009), it will promote effective management of multicultural workforce by enhancing their respective intrinsic job satisfaction.

Our second hypothesis examined the mediating effect of diversity climate in the relationship between transactional leadership behaviour and extrinsic job satisfaction in Ghana's Local Government Service. This is based on the argument which is earlier, advanced from the perspectives of transactional leadership theory (Bass, 1990) and social exchange theory (Blau, 1964) that transactional leaders can easily implement policies and practices to create climate for diversity by setting diversity-related performance goals, clarifying the path to achieve such goals, monitoring progress towards the achievement of diversity goals, and explicitly indicating employees' reward upon achievement of diversity-related goals, hence, eliciting their extrinsic job satisfaction. Contrary to this expectation, the empirical results indicate that diversity climate did not mediate the relationship between transactional leadership behaviour and extrinsic job satisfaction. This could mean that public leaders who engage in transactional behaviours seem not to use social and economic exchanges to rally diverse groups to work collectively towards the set goals, thereby failing to create appropriate climate for diversity to improve extrinsic job satisfaction. It also suggests that transactional leadership practices such as contingent reward and management by objectives are not being exhibited impartially or objectively to ensure climate for diversity and improve extrinsic job satisfaction among both minority and majority categories of workers. Thus, from the social exchange theory (Blau, 1964), it can be inferred that transactional leaders in the Ghanaian Local Government Service do not effectively create reciprocal extrinsically satisfied employees via diversity climate.

Implications and conclusion
Implications
The necessity of managing and leading diverse workforce in organisations is growing, and has raised the role of leadership styles in ensuring job satisfaction among diverse workers. Hence, this study examines the mediation role of diversity management on the relationship between transformational leadership, transactional leadership and job satisfaction (intrinsic and extrinsic) using the experience of Ghana's local government service. The findings of the study have significant theoretical and practical implications. Theoretically, Bass (1990) and Bass *et al.* (2003) have asserted that transactional and/or transformational leaders can improve job satisfaction among workers through several different mechanisms. In this regard, we have contributed to knowledge by highlighting diversity climate as a critical mechanism in converting transformational leadership behaviours into intrinsic job satisfaction among workers in a diversified work environment. This implies that by transforming the workplace to be inclusive through transformational leadership, it can improve intrinsic job satisfaction. We have further contributed toward extending the social exchange theory, full-range leadership theory and the two-factor theory of job satisfaction by demonstrating the differential effect of leadership behaviours on intrinsic and extrinsic job satisfaction, where transformation and transactional leadership relate positively to intrinsic and extrinsic respectively, with diversity climate serving a central social transmission mechanism in transformational leadership-intrinsic satisfaction nexus. As noted earlier, this results from the social exchange theory perspectives implies that transformational leaders can create climate for diversity to improve intrinsic job satisfaction by using exchanges such as instituting diversity policies and other initiatives that make diverse employees to feel being valued and cared for by the organisation, which in turn, make them reciprocate be becoming intrinsically satisfied with their jobs.

Practically, prior evidence suggests Ghanaian workers sometimes tend to disguise their intrinsic job dissatisfaction by resorting to the use of extrinsic job dissatisfaction issues such as pay to justify strike actions (Bame, 1974). This suggests that although recent industrial actions among the local government servants in Ghana have been overtly justified based on extrinsic job dissatisfaction, can be addressed using transformational leadership behaviours. This is because they may have being disguising their actual underlying motivation for threatening to declare or declaring strike actions, which may be related to their intrinsic job needs. Our findings therefore, imply that leaders in the local government sector through their transformational leadership behaviours can create the right atmosphere for diverse workers to experience maximum intrinsic job satisfaction. This is important because when managers deplore transformational leadership behaviours to create diversity climate, they will be creating an inclusive and welcoming work environment among its diverse workforce, leading to enhancement in employees' intrinsic job satisfaction level for effective and efficient achievement of the organisational goals. Hence, public leaders are urged to engage in transformational leadership behaviours to transform the work environment to accept diversity to improve intrinsic job satisfaction among members who may be different in diverse ways. Furthermore, the findings imply that that leaders in public organisations in Ghana need to develop the ability to recognize the diversity of their workforce and create the right climate for diverse workers to be intrinsically satisfied with their jobs. Moreover, even though diversity climate did not significantly mediate the relationship between transactional leadership and extrinsic job satisfaction, the positive nature of the results implies that improvement in the quality of the leader-member exchanges relating to diversity issues, and leaders' monitoring interventions targeted at diversity in the workplace can make employees extrinsically satisfied with their jobs.

The following are some potential limitations of the findings of this study. First, the geographical location of the research participants may limit the study. Although the findings are great, the location of the study (e.g. Greater Accra) prevents generation across local service organisations in Ghana, and other organisations. Future researches are therefore required to overcome this limitation of this study. Second, the findings of this study are limited only to Ghana's Local Government Service and may be limited in generalization to other sectors and organisations such as profit-oriented organisations due to potential differences in sectors or contexts. Unlike the private sector leaders who work solely within their organisations, George *et al.* (2019) argued that fewer public sector leaders' work operates exclusively within their own organisation. This is because convergence in public services provision around the citizen is on the rise, and very challenging to separate on public service from the other. Moreover, since the AVE of a variable is slightly less than the recommended threshold of 0.50, it can limit the applications of the findings. Nonetheless, its strong internal consistency gives necessary confidence in the results. Besides, using cross-sectional data for testing the mediation models is major limitation to the findings. We therefore, suggest the use of longitudinal data in future studies. Again, future studies may explore whether diversity management climate can mediate the relationship between the dimensions of transformational leadership and transactional leadership behaviours.

Conclusion
In conclusion, the diversity of workers in organisations is on the rise coupled with the persistent challenge for leaders in organisations, particularly, public institutions to enhance job satisfaction among employees in a diversified work environment. Given the scarcity of studies investigating diversity climate as a mediator in the relationship between transformational and transactional leadership behaviours and two-factor perspective of job satisfaction, findings of our study add to the diversity management and leadership

literature generally and specifically in the public sector and will inspire new research stream. The findings will further improve efforts of organisations to become more inclusive and enhance positive work attitudes among employees with different backgrounds and personalities by enhancing the understanding of leaders in the local government sector to exhibit leadership behaviours that can create inclusive and right atmosphere for diverse workers to live in peace and harmony, to enhance their job satisfaction and advance organisational goals.

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