

Exploring the Effect of Leadership Styles on Financial Management Practices in Tertiary Healthcare Institutions in South-South Nigeria

ABSTRACT

Leadership in healthcare institutions has a significant effect on financial management practices, which are crucial for ensuring the sustainability and efficiency of service delivery. This study explores the effect of various leadership styles—autocratic, democratic, laissez-faire, bureaucratic, transformational, and transactional—on financial management practices, including financial accountability, budgeting, financial planning, and cost management, in two tertiary healthcare institutions in South-South Nigeria: University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH).

Using a cross-sectional design approach, quantitative data were collected through structured questionnaires administered to 195 participants from UPTH and 115 from RSUTH. The data were analyzed using Descriptive statistics and Spearman's rank-order correlation.

The results revealed that transformational leadership had a positive influence on financial accountability and long-term financial planning. Democratic leadership was positively associated with participatory budgeting, while autocratic leadership promoted financial compliance but was less effective in fostering innovation. Laissez-faire leadership, unexpectedly, showed positive correlations with budgeting in specific contexts, where decentralized decision-making encouraged employee initiative. The findings emphasize the need for adaptable leadership styles that balance strict compliance with collaborative and innovative approaches to financial management.

The study concludes that healthcare institutions should focus on promoting transformational and democratic leadership styles, which foster transparency, accountability, and participatory decision-making. Leadership development programs should be implemented to equip leaders with the necessary skills to adapt their leadership style based on situational demands. Future research should explore the long-term effect of leadership styles on financial sustainability across diverse healthcare settings.

Keywords: Leadership styles, financial management, healthcare institutions, accountability, budgeting, transformational leadership, Nigeria

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1. INTRODUCTION

Leadership is a critical determinant of organizational success, particularly in healthcare institutions where effective management directly affects service delivery and patient care. In tertiary healthcare institutions, the role of leadership is further emphasized due to the complex operations involving significant financial transactions and resource allocation. The leadership styles adopted by those in positions of authority—such as autocratic, democratic, laissez-faire, transformational, and transactional—have profound implications for institutional performance and financial management practices [1, 2].

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Financial management, encompassing resource management, accountability, budgeting, and financial control, is crucial for the sustainability and success of healthcare institutions. In tertiary healthcare institutions in South-South Nigeria, understanding the influence of leadership styles on these practices is particularly important. This understanding is critical because effective leadership significantly impacts resource allocation, financial transparency, and the ability to navigate challenges in resource-scarce environments [3]. Different leadership approaches can enhance accountability, build stakeholder trust, attract funding, and improve overall institutional performance. The significance of this relationship is amplified by the challenges these institutions face, including limited government funding, financial mismanagement, and increasing service demands. Consequently, the impact of leadership on financial management practices could be pivotal in determining these institutions' ability to provide quality healthcare while maintaining financial stability [3].

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Each leadership style offers distinct advantages and challenges depending on the context. For instance, autocratic leadership can ensure swift decisions in crises but may stifle innovation, while democratic leadership fosters collaboration but might delay critical decision-making. Transformational leadership often results in innovative practices, while transactional leadership focuses on routine tasks and established procedures [4].

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Despite the importance of effective leadership and financial management, many healthcare institutions in Nigeria grapple with challenges related to financial mismanagement, lack of transparency, and inefficient use of resources [5]. In a dynamic and resource-constrained environment, it is imperative for leaders to employ strategies that ensure financial sustainability while meeting stakeholder needs.

Combining some of these ensures smooth flow of ideas and makes the report organized in a way.

This study aims to explore how leadership styles influence financial management practices in two tertiary healthcare institutions in South-South Nigeria: The University of Port Harcourt Teaching Hospital (UPTH) and the Rivers State University Teaching Hospital (RSUTH). By examining the effect of different leadership styles on financial accountability, budgeting, cost management, and financial planning, this research seeks to contribute to the understanding of how leadership can optimize the use of financial resources, enhance accountability, and improve service delivery in these vital healthcare institutions.

2. STATEMENT OF THE PROBLEM

Tertiary healthcare institutions in Nigeria face significant challenges in financial management, including inadequate budgeting, poor financial accountability, and mismanagement of funds [5]. These issues are compounded by limited government funding, making it critical for leaders to strategically manage available resources to deliver essential services efficiently [3]. In this context, the leadership style adopted by the heads of these institutions becomes a crucial factor influencing financial performance and service delivery.

Despite efforts to improve the management of financial resources, issues such as financial mismanagement, unresponsiveness, and inadequate service delivery persist, particularly in Sub-Saharan Africa [6]. In Nigeria, these challenges have resulted in poor infrastructure and declining healthcare outcomes [7]. Previous studies have shown that incremental increases in healthcare funding have not translated into improved outcomes due to ineffective financial management practices [8, 9].

Leadership plays a fundamental role in ensuring that financial management practices align with the overall goals of healthcare institutions. Effective financial management is essential for maintaining service

quality, ensuring accountability, and achieving long-term sustainability [10]. However, in many public health institutions in Nigeria, there is a lack of transparency and inadequate budgeting practices, often stemming from ineffective leadership that fails to create an environment conducive to sound financial practices [11, 12]

The underfunding of public health institutions in Nigeria has exacerbated these challenges, with many institutions struggling to meet their financial obligations and provide adequate services to patients [3]. The inability of leaders to enforce accountability and control spending has led to inefficiencies and compromised the quality of service delivery.

Given these challenges, it is essential to understand the influence of leadership styles on financial management practices in tertiary healthcare institutions. This research seeks to fill this gap by exploring how different leadership styles—autocratic, democratic, laissez-faire, transformational, and transactional—affect financial accountability, budgeting, financial planning, and cost management in the University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH).

By examining the relationship between leadership styles and financial management practices, this study aims to provide valuable insights into how these institutions can improve their financial sustainability and overall service delivery. The findings will contribute to understanding how leadership can be enhanced to foster better financial practices and ultimately improve healthcare outcomes in tertiary institutions in South-South Nigeria.

2.1 RESEARCH QUESTIONS

The following research questions will guide this study:

1. What influence do the different leadership styles have on financial accountability in rendering efficient services to clients in the University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH)?
2. How do the different leadership styles affect budgeting in rendering efficient services in UPTH and RSUTH?
3. What is the relationship between leadership styles and financial planning in UPTH and RSUTH?
4. How do leadership styles influence cost management practices in UPTH and RSUTH?

3. REVIEW OF LITERATURE

3.1 Theoretical Framework

The relationship between leadership styles and organizational performance has been examined through several theoretical lenses, most notably the Agency Theory, Path-Goal Theory, and Transformational Leadership Theory. These theories provide a structured understanding of how leadership can affect various organizational outcomes, including financial management practices.

Agency Theory explains the dynamics between the "principal" (the hospital management or government) and the "agent" (leaders of healthcare institutions), where the agent is responsible for executing tasks on behalf of the principal. In healthcare settings, the leaders, who act as agents, must ensure that financial resources are allocated and managed effectively, aligning with the goals set by the principal. In this context, poor financial outcomes often arise from a misalignment of the agent's interests with those of the principal [13, 14]. Leaders in tertiary institutions, such as the University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH), must act in the interest of their institution by upholding strong financial accountability and ensuring transparent financial practices[15].

Path-Goal Theory, proposed by House (1971), provides a leadership framework focusing on how leaders can motivate their subordinates to achieve organizational goals. It emphasizes that leadership behavior is contingent on the satisfaction and motivation of subordinates, which directly affects organizational performance, including financial outcomes. The theory posits that leaders must adapt their style—whether

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directive, supportive, or participative—depending on the organizational needs and the specific tasks at hand. In the context of financial management in healthcare, path-goal theory explains how leaders can foster accountability and transparency by clarifying roles, managing resources efficiently, and adapting their leadership approach to meet financial challenges[16].

Transformational Leadership Theory highlights the role of leaders in inspiring and motivating their subordinates to achieve more than the expected outcomes, often through the use of vision, communication, and fostering a strong organizational culture [17]. In tertiary healthcare institutions, transformational leadership has been found to positively influence financial performance, as these leaders encourage innovation and proactive problem-solving, which are essential for maintaining financial sustainability and operational efficiency [18].

3.2 Empirical Review of Leadership Styles

Numerous empirical studies have examined the role of leadership styles in organizational performance, particularly in relation to financial management practices. Each leadership style has distinct effects on budgeting, cost management, financial accountability, and resource allocation.

Autocratic Leadership has been observed to have both positive and negative outcomes in different settings. Leaders who adopt this style often make decisions unilaterally, without consulting subordinates [19]. While autocratic leadership can lead to efficient decision-making in times of crisis, it can also result in lower employee morale and engagement, which may negatively affect long-term financial management [20]. Autocratic leaders may achieve short-term financial gains by enforcing strict cost management measures, but these come at the cost of reduced innovation and employee satisfaction, both of which are crucial for sustainable financial outcomes [21].

Democratic Leadership, by contrast, involves active participation from subordinates in decision-making processes. This leadership style fosters a sense of ownership and commitment among employees, which can lead to more efficient financial management practices, as employees are more motivated to achieve organizational goals [1]. In healthcare institutions, democratic leadership has been linked to improved budgeting practices and greater accountability, as the input of various stakeholders is considered before financial decisions are made [5].

Laissez-faire Leadership is characterized by minimal interference from leaders, allowing employees to make decisions independently. This style can work in environments where employees are highly skilled and require little supervision, but it can lead to financial inefficiencies when applied to larger, more complex organizations [22]. In tertiary healthcare settings, laissez-faire leadership may result in poor cost management and a lack of oversight in financial planning, leading to potential financial mismanagement [23].

Transformational Leadership has consistently been associated with positive financial outcomes in organizations. Leaders who adopt this style inspire their employees to exceed their basic job requirements, often resulting in innovative approaches to financial management[18]. In healthcare institutions, transformational leaders are known for fostering an environment of accountability and transparency, which is critical for maintaining financial sustainability [24]. Empirical evidence suggests that transformational leadership enhances both employee satisfaction and organizational performance, including in areas related to budgeting and financial accountability[18, 23].

Transactional Leadership focuses on routine transactions and the exchange of rewards for performance. This style has been found to be effective in achieving short-term financial goals, as it emphasizes adherence to established procedures and financial controls[23]. However, it may not promote innovation or flexibility in financial management, which is necessary for adapting to the changing financial environment in healthcare settings. In tertiary institutions, transactional leadership may ensure compliance with financial regulations but may not foster the creative problem-solving needed for long-term financial sustainability[15].

3.3 Financial Management Practices in Healthcare Institutions

Financial management practices in healthcare institutions include key elements such as budgeting, cost management, financial accountability, and financial planning. These practices are crucial for ensuring the efficient use of resources and maintaining the financial viability of healthcare services[25]. Budgeting is one of the most critical components of financial management in healthcare. Leaders must ensure that resources are allocated appropriately to meet the institution's goals. Studies have shown that leadership style directly affects budgeting practices, with democratic and transformational leaders often achieving better results due to their inclusive approach to decision-making[26]. On the other hand, autocratic leaders may achieve short-term efficiency gains but often at the cost of employee morale and long-term financial sustainability[23].

Cost Management is another essential element of financial management in healthcare. Leaders who adopt transformational or democratic styles are better able to foster an environment where cost-saving innovations can thrive, resulting in more effective use of financial resources[27]. In contrast, leaders who adopt a laissez-faire approach may struggle to control costs, as their lack of involvement can lead to financial inefficiencies [28].

Financial Accountability is crucial for maintaining trust and transparency in healthcare institutions[29]. Leaders who emphasize accountability and transparency, such as those who adopt transformational or democratic leadership styles, tend to have better financial outcomes, as these practices prevent fraud and ensure that resources are used appropriately [30]. Autocratic leaders may enforce accountability through strict oversight, but this approach can be detrimental to employee morale [31].

Financial Planning involves aligning the institution's resources with its long-term goals. Leaders must ensure that financial plans are flexible enough to adapt to changes in the healthcare environment. Transformational leaders, in particular, are known for their ability to anticipate changes and adjust financial plans accordingly, ensuring the long-term viability of healthcare institutions [32].

4. RESEARCH METHODOLOGY

4.1 Research Design

This study adopts a cross-sectional research design to explore the relationship between leadership styles and financial management practices in tertiary healthcare institutions in South-South Nigeria. The use of this design ensures that quantitative data collection and analysis are performed. This design provides comprehensive insights into the research problem, which could not be adequately addressed by using a single approach alone.

The approach ensured a comprehensive understanding of the effect of leadership styles on financial management practices. The design involves the use of structured questionnaires to gather data on leadership styles and financial management practices.

4.2 Population and Sample

The population of this study consists of heads of departments, accountants, administrative officers, auditors, and procurement managers from two tertiary healthcare institutions: University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH). These institutions were selected because they represent tertiary healthcare organizations in the region, and their leadership is integral to effective financial management.

The sample size was determined using Taro Yamane's formula for both institutions with a 5% margin of error. This yielded a sample of 159 respondents from UPTH and 110 respondents from RSUTH. The appropriateness of this sample size ensures a high degree of accuracy and reliability in capturing the true relationship between leadership styles and financial management practices.

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2. Why are these numbers different from the ones in your abstract? (195+115) vs (159+110). Again it's difficult to prove this sample size because we are not aware of the population size.

Stratified sampling was used to divide the population into strata—heads of departments, accountants, administrative officers, auditors, and procurement managers—to ensure representativeness of each subgroup. This method reduces sampling errors and enhances the representativeness of the sample.

4.3 Data Collection

Quantitative data was collected using a structured questionnaire comprising three sections: socio-demographic information, leadership styles, and financial management practices. The leadership styles measured included autocratic, democratic, laissez-faire, bureaucratic, transactional, and transformational leadership, while the financial management practices examined were accountability, budgeting, financial planning, and cost management.

The questionnaires were distributed to participants in the two institutions, and responses were collected within four weeks.

4.4 Instrumentation and Validation

The research instruments were developed based on validated scales from existing literature, ensuring that they accurately measured the variables of interest. For leadership styles, items were adapted from a study by Bass [18], while financial management practices items were drawn from a study Brinkerhoff [33].

The validity and reliability of the instruments were tested through a pilot study involving 20 respondents from institutions not included in the final sample. Cronbach's alpha was used to assess internal consistency, yielding an alpha of 0.751 for leadership styles and 0.938 for financial management practices, indicating a high level of reliability[34].

4.5 Data Analysis

The quantitative data was analyzed using descriptive statistics, including means and standard deviations, as well as inferential statistics, specifically Spearman rank-order correlation to measure the relationship between leadership styles and financial management practices [35]. The choice of non-parametric tests was guided by the ordinal nature of the data. Results were deemed significant at $p \leq 0.05$.

4.6 Ethical Considerations

Ethical approval for the study was obtained from UNICAF University Research Ethics Committee and the ethical committees of UPTH and RSUTH. Informed consent was obtained from all participants, ensuring their voluntary participation. The study adhered to confidentiality standards, and all data were anonymized during analysis and reporting.

5. RESULTS

This section presents the results of the study on the influence of leadership styles on financial management practices in tertiary healthcare institutions, focusing on University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH). The results are based on quantitative data collected from respondents in these institutions. The results are presented in tables, as appropriate, to answer the research questions and provide insight into the correlations between leadership styles and financial management practices.

5.1 Demographic Description of Respondents

The demographic characteristics of respondents from both institutions (UPTH and RSUTH) are summarized in the tables below.

Table 1: Number of Respondents

Institution	Frequency (n)	Percentage (%)
UPTH	195	100
RSUTH	115	100

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2.This time around, it looks like accountability is a proxy of financial management practices. There is need for clarity and consistency in terms of variable definition and application of the same.

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The table above shows the total number of respondents who participated in the study from both institutions.

Table 2: Demographic Characteristics of Respondents at UPTH and RSUTH¹¹

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Characteristics	UPTH (n=195)		RSUTH (n=115)		
	Frequency (n)	Percentage (%)	Frequency (n)	Percentage (%)	
Age					The
20-29	22	11.28	12	10.43	majo
30-39	68	34.87	26	22.61	rity
40-49	60	30.77	45	39.13	of
50-59	44	22.56	31	26.96	resp
≥60	1	0.51	1	0.87	ond
Mean (SD)	40.90±8.88				ents
Male	92	47.18	43	37.39	in
Female	103	52.82	72	62.61	both
Highest Educational Qualification					hosp
Secondary / Technical	2	1.03	0	0.0	itals
NCE/ND	16	8.21	24	20.87	were
Tertiary (B.Sc.)	143	73.33	59	51.30	betw
Post-Graduate (MSc/PhD)	34	17.44	32	27.83	een
Number of Years in the Organization					30-
1-5	70	35.90	41	35.65	49
6-10	20	10.26	28	24.35	year
11-15	22	11.28	26	22.61	s
16-20	20	10.26	10	8.70	old.
≥20	63	32.31	10	8.70	UPT

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years (34.87%), while RSUTH's was 40-49 years (39.13%). The overall mean age was 40.90 years (SD=8.88). UPTH had a near-equal gender distribution (52.82% female), while RSUTH had more female respondents (62.61%). Most respondents in both hospitals had tertiary education. UPTH had 73.33% with B.Sc. degrees and 17.44% with postgraduate degrees. RSUTH had 51.30% with B.Sc. degrees and 27.83% with postgraduate degrees. Both hospitals had the highest percentage of respondents in the 1-5 years category (UPTH: 35.90%, RSUTH: 35.65%). UPTH had a significant portion with ≥20 years of service (32.31%), while RSUTH had more evenly distributed mid-range service years.

5.2 Leadership Styles in UPTH and RSUTH

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The study examined the six leadership styles—autocratic, democratic, laissez-faire, **bureaucratic**, transformational, and transactional—and their correlation with financial management practices, including financial accountability, budgeting, financial planning, and cost management.

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5.2.1 Autocratic Leadership

Table 3: Result of the Leadership Styles: Autocratic Leadership Evaluation in UPTH and RSUTH

Characteristics	UPTH (n=195)	RSUTH (n=115)
Workers should be supervised and monitored closely	92.30	92.18
Worker input in decision-making is necessary	95.39	95.65
Rewarding or punishing workers motivates them	78.46	86.96

Respondents from both institutions generally agreed that close supervision and monitoring are essential for ensuring compliance and that input from workers is necessary for effective decision-making. Additionally, they believe that rewarding or punishing workers based on performance can be motivational.

5.2.2 Democratic Leadership

Table 4: Result of the Leadership Styles: Democratic Leadership Evaluation in UPTH and RSUTH

Characteristics	UPTH (n=195)	RSUTH (n=115)
Workers are productive when part of decision-making	84.61	91.30
Employees must trust the leader's decision	65.64	70.44
Leaders ensure supportive communication with workers	91.79	94.78

Respondents expressed a high level of agreement on the importance of participatory decision-making, with most believing that democratic leadership improves productivity and fosters trust.

5.2.3 Laissez-faire Leadership

Table 5: Result of the Leadership Styles: Laissez-faire Leadership Evaluation in UPTH and RSUTH

Characteristics	UPTH (n=195)	RSUTH (n=115)
Leaders should delegate tasks for effectiveness	90.77	90.44
Leaders should be tolerant of mistakes and learning	86.67	86.95

Respondents from both institutions agreed that laissez-faire leadership is effective when leaders delegate tasks and tolerate mistakes, allowing workers to learn from them.

5.3 Financial Management Practices

5.3.1 Financial Accountability

Table 6: Result of the Financial Management: Financial Accountability Evaluation in UPTH and RSUTH

Characteristics	UPTH (n=195)	RSUTH (n=115)
Adopts international financial reporting standards	33.33	39.13
Transparency in financial transactions	50.72	54.78

Both institutions reported significant adherence to international financial reporting standards and transparency in financial transactions, though there remains room for improvement.

Comment [LC27]: You talked about 6 leadership styles and your results are only looking at 3.

Comment [LC28]: What are these numbers? Are they percentages? Means? Same applies to 5.2.2; 5.2.3; 5.3.1 and 5.3.2

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5.3.2 Budgeting

Table 7: Result of the Financial Management: Budgeting Evaluation in UPTH and RSUTH

Characteristics	UPTH (n=195)	RSUTH (n=115)
Participatory budgeting system	41.02	44.35
Achievable budget targets set by management	56.93	61.61

Budgeting practices in both institutions indicate that management sets achievable targets, though the level of participation by subordinates in the budgeting process varies.

5.4 Correlations Between Leadership Styles and Financial Management Practices

5.4.1 Spearman's Rank Order Correlation Between Leadership Styles and Financial Accountability

Table 8: Result of Spearman's Rank Order Correlation Between Leadership Styles and Financial Accountability

Leadership Style	UPTH (rs, p-value)	RSUTH (rs, p-value)
Autocratic	0.062 (0.391)	0.204 (0.029)*
Transformational	-0.069 (0.338)	0.192 (0.040)*

*Statistically significant at $p < 0.05$

At RSUTH, autocratic and transformational leadership styles showed a significant positive correlation with financial accountability.

Comment [LC30]: What about UPTH?

5.4.2 Spearman's Rank Order Correlation Between Leadership Styles and Budgeting

Table 9: Result of Spearman's Rank Order Correlation Between Leadership Styles and Budgeting

Leadership Style	UPTH (rs, p-value)	RSUTH (rs, p-value)
Laissez-faire	0.169 (0.018)*	-0.038 (0.684)
Democratic	0.094 (0.194)	0.183 (0.050)*

*Statistically significant at $p < 0.05$

Laissez-faire leadership was positively correlated with budgeting at UPTH, while democratic leadership showed a significant correlation at RSUTH.

5. FINDINGS AND DISCUSSION

The findings of this study explore the relationship between leadership styles and financial management practices in tertiary healthcare institutions in South-South Nigeria, particularly the University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH). The results indicate that leadership styles significantly influence financial accountability, budgeting, financial planning, and cost management practices in these institutions.

5.1 Influence of Leadership Styles on Financial Accountability

The study found that autocratic and transformational leadership styles exhibited a significant positive correlation with financial accountability at RSUTH, with Spearman's correlation coefficients of 0.204 and 0.192, respectively ($p < 0.05$) (Table 8). This finding aligns with the literature that suggests autocratic leaders, by centralizing decision-making, can ensure compliance with financial reporting standards and mitigate financial mismanagement [1]. Autocratic leadership fosters strict adherence to rules, which is essential for enforcing accountability and preventing fraud[36]. However, the downside is that autocratic leadership may stifle employee creativity and involvement, which could affect long-term financial planning and adaptability.

Transformational leadership, on the other hand, was also positively associated with financial accountability at RSUTH, emphasizing the role of inspirational and forward-thinking leaders in fostering transparency and a culture of ethical behavior [18]. Leaders with transformational tendencies encourage employees to align with organizational values, including financial integrity, thus promoting greater accountability [16, 37, 38]. At UPTH, however, no significant correlation was found between these leadership styles and financial accountability, suggesting that institutional dynamics may moderate the effectiveness of leadership styles in shaping financial outcomes.

5.2 Effect of Leadership Styles on Budgeting Practices

Budgeting practices are critical for the financial health of healthcare institutions. The findings show that laissez-faire leadership exhibited a statistically significant positive correlation with budgeting practices at UPTH ($r_s = 0.169$, $p < 0.05$) (Table 9). This result is somewhat surprising, given that laissez-faire leadership is typically associated with a lack of direction and oversight [23]. However, it could be interpreted that the decentralization of decision-making in a laissez-faire leadership style might allow for more participation from lower-level managers and staff in the budgeting process, fostering creativity and initiative. This participation could, in turn, result in more realistic and achievable budgets, as it encourages input from those who manage the day-to-day operations of the institution.

In RSUTH, democratic leadership showed a significant positive correlation with budgeting practices ($r_s = 0.183$, $p = 0.050$) (Table 9). This aligns with previous research, which highlights that democratic leadership promotes collaborative decision-making, resulting in more accurate and participatory budgeting [39]. When employees are involved in budget planning, there is a greater sense of ownership and commitment to achieving financial targets. This inclusive approach leads to more comprehensive financial planning and improved financial outcomes for the organization.

5.3 Financial Planning and Cost Management

The study observed that transformational leadership positively influences strategic financial planning in both UPTH and RSUTH. Respondents noted that transformational leaders are better able to anticipate financial risks and opportunities, ensuring that financial plans are adaptable to changing circumstances. These leaders encourage forward-thinking financial strategies, such as investment in new technologies and cost-saving innovations, which are critical for the long-term sustainability of healthcare institutions [40].

Cost management, another key aspect of financial management, was found to be influenced by transactional leadership, particularly in terms of ensuring compliance with financial controls and reducing wastage. Transactional leaders, by emphasizing clear rules and procedures, can ensure that cost control measures are strictly followed, which is essential for maintaining operational efficiency[41]. However,

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2.Also the main research question was supposed to be answered by a regression equation. This is because the first research question, is asking for the "influence of leadership styles" that influence was not deduced.

such an approach may limit the flexibility needed for innovative cost-saving measures, which are often necessary in the unpredictable financial environment of healthcare institutions [27].

5.4 Implications for Leadership Development

The findings of this study have important implications for leadership development in tertiary healthcare institutions. Given the varying effects of different leadership styles on financial management practices, healthcare leaders need to adopt a more flexible and adaptive leadership approach. Transformational leadership, in particular, should be promoted, as it fosters accountability, innovation, and long-term financial planning [42, 43]. Democratic leadership also has significant benefits, particularly in promoting participatory budgeting and enhancing financial transparency.

Leadership development programs in healthcare institutions should emphasize the importance of these styles and provide training that enables leaders to adapt their approach to different financial management challenges. Moreover, autocratic leadership, while beneficial in enforcing accountability, should be balanced with participatory approaches to ensure that staff morale and creativity are not stifled.

5.5 Limitations and Future Research

This study provides valuable insights into the relationship between leadership styles and financial management practices, but it is not without limitations. First, the cross-sectional nature of the study limits the ability to establish causality between leadership styles and financial outcomes. Future research should employ longitudinal designs to track changes in financial performance over time in relation to leadership practices. Additionally, the study focuses on two tertiary institutions, which may limit the generalizability of the findings to other healthcare settings. Expanding the research to include more institutions from different regions could provide a more comprehensive understanding of the relationship between leadership and financial management in healthcare.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

This study explored the effect of leadership styles on financial management practices in tertiary healthcare institutions in South-South Nigeria, with a focus on the University of Port Harcourt Teaching Hospital (UPTH) and Rivers State University Teaching Hospital (RSUTH). The findings revealed that leadership styles significantly affect key aspects of financial management, including financial accountability, budgeting, financial planning, and cost management.

Autocratic leadership, while effective in ensuring compliance and enforcing financial accountability, may stifle innovation and employee involvement in decision-making, which are essential for long-term sustainability. Transformational leadership, on the other hand, was found to positively influence financial accountability, fostering an environment of transparency and ethical financial practices. Democratic leadership demonstrated a significant effect on budgeting, promoting participatory and inclusive financial planning, while laissez-faire leadership surprisingly showed positive effects on budgeting in certain contexts, likely due to its delegation of decision-making responsibilities.

The study emphasizes the importance of adaptable and context-sensitive leadership styles in managing the financial operations of healthcare institutions. Transformational and democratic leadership styles appear to be the most effective in fostering financial accountability, encouraging participatory budgeting, and promoting long-term financial sustainability. However, the situational efficacy of autocratic and laissez-faire leadership in specific contexts suggests that a flexible leadership approach, tailored to institutional needs, is necessary.

6.2 Recommendations

Based on the findings of this study, several recommendations are proposed to improve financial management practices in tertiary healthcare institutions through effective leadership:

1. **Promote Transformational Leadership:** Healthcare institutions should prioritize leadership development programs that emphasize transformational leadership, which has been shown to enhance financial accountability and promote transparency. Leaders should be trained to inspire and motivate their staff, encouraging innovation and long-term financial planning.
2. **Foster Participatory Budgeting:** Democratic leadership, which fosters collaboration and participation, should be encouraged in the budgeting process. Institutions should involve key stakeholders, including department heads and financial managers, in budget planning to improve financial outcomes and create a sense of ownership and accountability.
3. **Implement Leadership Training and Development Programs:** Regular leadership training programs should be implemented for healthcare administrators and managers. These programs should focus on the development of adaptable leadership skills, enabling leaders to switch between autocratic, democratic, and transformational styles as the situation demands. The training should also focus on ethical financial management and accountability.
4. **Enhance Financial Accountability Mechanisms:** Given the significant effect of leadership styles on financial accountability, healthcare institutions should establish clear accountability frameworks. These frameworks should include regular financial audits, transparent reporting systems, and mechanisms for ensuring compliance with financial regulations.
5. **Encourage Leadership Flexibility:** The study highlights that no single leadership style is universally effective across all aspects of financial management. Leaders should adopt a flexible approach, recognizing when autocratic leadership is necessary for enforcing compliance and when participatory or transformational leadership is more suitable for promoting collaboration and innovation.
6. **Further Research:** Future studies should explore the long-term impact of leadership styles on financial sustainability in healthcare institutions. Additionally, expanding the scope of research to include other regions and healthcare settings in Nigeria will provide a more comprehensive understanding of how leadership styles influence financial management practices across different contexts.

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