

Nexus between Team Leadership and Employee Performance in Commercial Banks in Tanzania

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Abstract

Employee performance is essential for commercial banks as it enhances efficiency, profitability, and customer satisfaction, yet many Tanzanian banks continue to struggle with low performance. The purpose of this study was to establish the influence of team leadership on employee performance in commercial banks in Tanzania. The study was anchored in contingency theory and adopted a descriptive survey research design. The study also targeted all 39 operational commercial bank headquarters. The unit of observation comprised senior managers, managers, supervisors, and lower-level employees in each of the commercial banks under review, for a total of 1480 targeted respondents. Simple random sampling was used to select respondents. However, the expected sample size was 445 respondents. Both descriptive and inferential statistics were used in the analysis of the data. The study found that team leadership significantly influenced employee performance in commercial banks. Based on this study's findings on team leadership, it can be concluded that, as agreed by the majority of respondents in Tanzania's commercial banks, these practices influence employee performance. Leadership practices, including delegation, level of support, and leadership styles, were positively and significantly associated with the measures of employee performance used in this study: productivity, service quality, and employee well-being.

Keywords: Team Leadership, Employee Performance, Commercial Banks in Tanzania

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1. Introduction

Employee performance is an essential building block of an organization, and the organization must analyze factors that may underpin higher performance since the organization. No organization can progress through the efforts of a single individual; progress requires the collective efforts of all members. Performance is a significant, multidimensional aspect aimed at achieving results and is strongly linked to achieving an organization's goals. Managers at all levels of the organization must make a concerted effort to create a cohesive team that facilitates employee performance (Abbas & Yaqoob, 2021).

Team leadership refers to the actions a team leader takes to ensure the team's needs and goals are met (Iskamto, 2020). Team leadership is distinct from organizational or strategic leadership (Suprayitno, 2024), and a team leader is the individual responsible for guiding a team through its work cycle. Effective teamwork is an essential ingredient for employee performance. Supportive leadership within teams can help transform an organization and improve productivity and quality, aligning with organizational objectives. Most groups include

individuals who are primarily responsible for articulating group objectives and for creating and organizing the group to achieve them. Powerful group execution comes from a few central attributes (Iskamto *et al.*, 2021).

Team leaders need to coordinate their teammates' activities effectively. Driving and group authority are connected yet distinct dimensions of authority (Gerras & Clark, 2021). Authority is required for group issues in which numerous arrangement approaches are practical; moreover, in complex social contexts, effective solutions should be implemented through careful planning. People in influential positions are responsible for decisions that shape subsequent group reactions.

The stability and development of an economy depend on the performance of the financial sector. The banking sector is a vital part of a country's financial system; therefore, for sound economic growth and development, bank efficiency is crucial (Kilala, 2023). Without a sound and well-functioning banking system, the economy cannot operate smoothly (Raymond, 2023). Commercial banks dominate the financial markets in most countries. They have finance and infrastructure. An efficient financial sector is essential to any economy, as it supports sustainable economic growth and development.

1.1 Problem Statement

Employee performance is essential for commercial banks as it enhances efficiency, profitability, and customer satisfaction (Nyaringita, 2025; Berber, Slavic, & Aleksić, 2020), yet many Tanzanian banks continue to struggle with low performance. BOT reports show declining market share, rising non-performing loans, and reduced profitability, reflecting internal inefficiencies linked to poor employee and team performance (BOT, 2016; Tanzania Banking Sector Report, 2021). Scholars acknowledge that ineffective team leadership hinders performance (Chanai, 2024; Ngonyani & Mageta, 2025), and poor management of team diversity has contributed to financial losses and even bank closures (Rono & Yusuf, 2023). However, existing studies primarily focus on other countries or non-banking sectors (Machaule, Onyancha, & Komba, 2024; Edson, Tripathi, & Kasongwa, 2023), leaving gaps in context and conceptualization. This study, therefore, sought to address these gaps by examining the influence of team leadership on employee performance in commercial banks in Tanzania.

2. Literature Review

2.1 Theoretical Review

Contingency Theory was suggested by American academics Lawrence and Lorsch (1967). The theory posits that several contingency approaches affect the success of a leadership style in influencing employee performance. The success of a leader depends on the organization's attitudes across multiple areas, including leadership styles, traits, and capabilities; the power of delegation; and the quality of followers as individuals. This theory has examined its impact on employee performance.

These multiple factors affect performance by increasing the importance of leadership styles. According to the above theory, an organization must focus on the diversity of resources held by individual team members with diverse cognitive experiences. Leadership ability depends on various situational factors, such as the leader's preferred style, traits, level of support, and delegation skills.

Identifying several variables, including leadership style, traits, ability to delegate, and aspects of the situation, when leading individuals in a team, provides strong motivation to improve employee performance, as employees must focus on the social benefits for individuals or the

team. As a result, the organization could achieve its goals. Therefore, contingency theory is relevant to this study, as this research seeks to determine whether team leadership directly affects employee performance in commercial banks in Tanzania (Tiitu, 2017). Contingency theory applies to team leadership, requiring leaders to adapt their style to the specific situation to improve employee performance. Rather than a single "best" style, the most effective approach is to match the leadership style (task-oriented vs. relationship-oriented) to situational factors such as leader-member relations, task structure, and leader position power.

2.2 Empirical Review

Abbas and Yaqoob (2021) examined the effect of leadership delegation tools on employee performance in Pakistan. This study was conducted considering five factors of leadership development, i.e., delegation, empowerment, and participation, and it was found that the combined effect of these factors influences employee performance by 50%. However, the remaining 50% of the contribution to employee performance, beyond leadership development, may be attributable to factors such as attitude, commitment, levels of support, and trust in the organization.

Gupta, Huang, and Niranjan (2020) conducted a longitudinal Examination of the relationship between Team Leadership Style and employee performance. The study collected data from 117 business students (divided into 28 teams) taking an undergraduate capstone course in strategic management at a large metropolitan university in the Midwestern United States. Based on two-tailed *t*-tests, *the results revealed that initial perceptions of leadership style were significantly associated with team cohesion and, consequently, with team members' performance*. The study further established that introductory authority was associated with group conflict. In addition, group union with a participative leadership style was strongly associated with execution, whereas group strife was strongly associated with performance. The results also found that the initial perception of team leadership style and performance was not significant, while the relationship between performance and subsequent team leadership was positive and significant.

Heldal and Antonsen (2024) conducted a study on Team Leadership in a High-Risk Organization: The Role of Contextual Factors. The study employed a single-case design and selected a high-risk organization, which was investigated using both quantitative and qualitative methods. Some of the operators had worked there for more than 30 years and were familiar with the facility. The study conducted 22 in-depth interviews and 10 hours of observational study participation at the plant. The results showed that operators wanted more of their leaders' behavior in all but one category; there was a significant difference between how team leaders demonstrated empathy and support and what they considered optimal performance.

Suprayitno (2024) focused on the influence of leadership on employee performance. Multiple linear regression was used to test the hypothesis, Cronbach's Alpha to assess internal consistency, and factor analysis to assess item validity. The study's findings indicate that work environment variables have a positive and substantial impact on employee performance, motivation variables have a positive and significant impact, and leadership variables have no effect.

Mrongo *et al.* (2024) examined leadership styles and the performance of road projects under the Kenya Rural Roads Authority. The study's objective was to determine whether leadership philosophies affect the performance of the Kenya Rural Roads Authority's road projects. Although obstacles such as resistance to change and laissez-faire leadership tendencies may impede project success, the study indicates that project managers at the Kenya Rural Roads

Authority exhibit positive leadership qualities, such as agreeableness and visionary leadership, which are associated with the timely completion of road construction projects.

Maru Linge and Ouma (2023) examined how team leadership empowerment affected the effectiveness of cooperative partnerships in Kenyan International Research Organizations. The study design used was correlational. According to the correlation data, team performance and empowering team leadership are positively and significantly correlated. Additionally, the regression results indicate that empowering team leadership and team effectiveness are significantly positively correlated.

3. Methodology

The study employed a descriptive research design and a survey method. The target population for this study comprised commercial banks operating in Tanzania and licensed by the Bank of Tanzania. Therefore, the unit of analysis was 39 operational commercial banks in Tanzania (Bank of Tanzania, 2018). All commercial banks constituted the target population. The sampling frame of the current study comprised the list of the 39 commercial banks licensed by the Bank of Tanzania and operating in Tanzania at the time of the study. Sampling criteria for this research used stratified random sampling. Stratified random sampling is justified for its ability to ensure a representative and diverse sample, reduce sampling error, and allow for detailed analysis of subgroups (Ward, 2022). A 30% sample was drawn from the population, as it is appropriate for the research (Siedlecki, 2020). Therefore, a sample size of thirty percent (30%) of 1480 total employees was randomly selected. The total sample size for this study was 445 respondents. The primary research instrument was a questionnaire. Both descriptive and inferential statistics were used in analyzing quantitative data. The open-ended questions were analyzed using quantitative content analysis by the researcher to quantify emerging characteristics and concepts.

4. Results and Discussion

4.1 Descriptive Analysis

4.1.1 Team Leadership

The respondents were required to indicate their level of agreement or disagreement with the statements regarding the indicators of team communication on a 1-5 scale, where 1 = strongly disagree and 5 = strongly agree. The results are shown in Table 1.

Table 1: Descriptive Statistics for Team Leadership

	N	Mean	Std. Dev.	Var.	Skewness		Kurtosis	
	Stat.	Stat.	Stat.	Stat.	Stat.	Std. Error	Stat.	Stat.
Our team leader has been successful in supporting employees to demonstrate good performance	343	4.22	0.68	0.47	-1.20	0.13	3.94	0.26
An autocratic leadership style increases productivity when team members do what they are told	343	4.13	0.93	0.86	-1.42	0.13	2.27	0.26
Our team leader delegates decision-making to increase productivity amongst team members	343	4.44	0.76	0.58	-1.66	0.13	3.66	0.26
Participative leadership style increases productivity when team members do more than they are asked	343	4.53	0.70	0.49	-1.85	0.13	4.61	0.26
Our team leader is interested in supporting employee health and safety systems to improve well-being	343	4.50	0.71	0.51	-1.65	0.13	3.62	0.26
Our team leader uses delegation as a tool for increasing the quality of services provided by employees	343	4.45	0.76	0.57	-1.54	0.13	2.56	0.26
A team leader's style lets members be free to do what they find right and increases productivity in a bank	343	4.36	0.90	0.81	-1.46	0.13	1.54	0.26
It is believed that leadership styles connect workers towards achieving employee satisfaction and well-being	343	4.52	0.70	0.50	-1.79	0.13	4.32	0.26
Valid N (listwise)	338							

According to the study findings, all team leadership indicators have means ranging from 4.13 to 4.53. The majority of respondents agreed that team leadership is fundamental to team members' performance. A participative leadership style in teamwork is needed for organizations to improve team performance; such a style fosters employee satisfaction and increases productivity when team members are given autonomy. When employees are allowed to share their ideas, suggestions, and critiques about the work they are expected to perform, it tends to improve their morale toward completing tasks. The finding aligns with Yukl's (2023) finding that a leader may accomplish shared objectives by facilitating both individual and collective efforts. Thus, organizations need to incorporate this leadership practice in their high-performance work systems.

The open-ended questionnaires show that leadership support influences employee support through directing or appropriating resources for achieving goals, building confidence among

employees, ensuring fair treatment and teamwork, fostering delegation of authority to subordinates, providing an environment that facilitates the airing of views and opinions, ensuring the welfare of every individual, promoting awareness and understanding and providing proper directives while leading by example as shown in Figure 1.

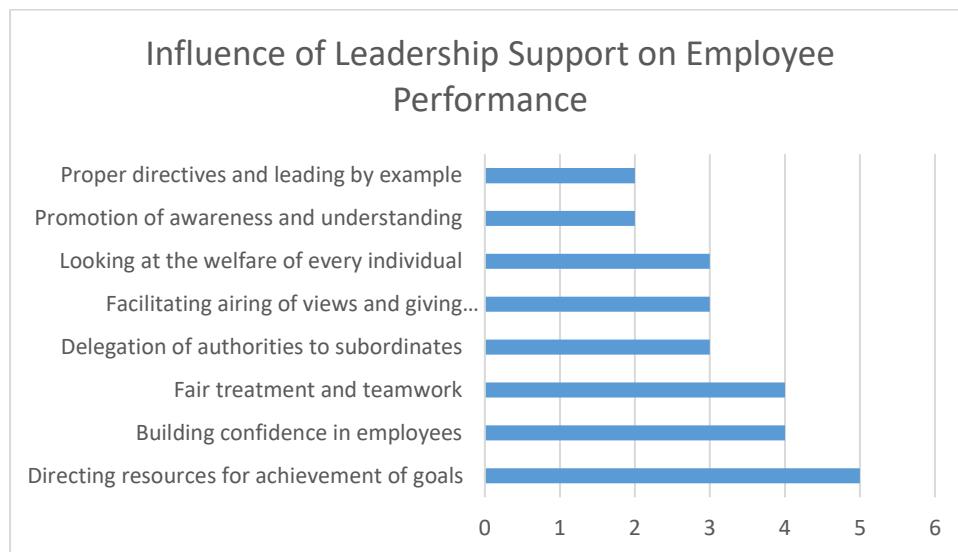


Figure 1: Influence of Leadership Support

Regarding the choice of the best leadership style, a simple majority favored participative leadership. This was followed closely by democratic and transactional leadership. The nexus of authoritative, bottom-up, supportive, and compassionate leadership styles was at par. A diversity of fourteen leadership styles emerged from the survey, as shown in Figure 2.



Figure 2: Influence of Leadership Support

4.1.2 Employee Performance

Regarding the criterion variable, employee performance, respondents were required to indicate their level of agreement or disagreement with statements about employee performance indicators on a 1-5 scale, where 1 = strongly disagree and 5 = strongly agree. The results are presented in Table 2.

Table 2: Descriptive Statistics for Employee Performance

	N	Mean	Std. Dev.	Var.	Skewness		Kurtosis	
	Stat	Stat.	Stat.	Stat.	Stat.	Std. Error	Stat.	Stat.
In our bank, there is an improved quality of output offered to our clients by employees in the course of a workday	341	4.20	0.58	0.34	-0.50	0.13	2.54	0.26
In our bank, employees' health and safety systems are well-implemented	341	4.30	0.57	0.32	-0.58	0.13	2.86	0.26
In our bank, employees' task completion and dependability are improved	341	4.29	0.66	0.44	-0.82	0.13	1.64	0.26
Improved well-being has made our employees more committed to their work	340	4.42	0.66	0.44	-1.57	0.13	5.38	0.26
Improved quality of our service attracts a large number of clients to our bank	342	4.36	0.69	0.47	-1.70	0.13	6.09	0.26
Our employees have achieved a sense of job satisfaction due to team leadership	341	4.26	0.71	0.50	-1.36	0.13	3.98	0.26
Our employees often achieve the performance objectives of an increased number of clients served	341	4.35	0.67	0.45	-1.08	0.13	2.41	0.26
Our employees can deliver the promised service consistently and accurately through teams	340	4.46	0.64	0.40	-1.26	0.13	3.02	0.26
In their working teams, our employees offer a speedy service to our clients	341	4.43	0.73	0.53	-1.47	0.13	3.02	0.26
Employees' productivity in our bank has improved.								
Valid N (listwise)	336							

According to the study findings, all employee performance indicators have means ranging from 4.20 to 4.51. Most respondents indicated that employee performance improved over the period covered by the study. Employee productivity on workdays is higher.

Overall, the study findings indicate that employee performance in commercial banks in Tanzania is fair rather than excellent. The findings corroborate the submissions that, although commercial banks in Tanzania have been restructured to enhance performance through regulatory reforms introduced in their financial services sector since 1991, the expected

outcomes of these reforms have not materialized (Qin & Pastor, 2012). Team leadership should therefore be implemented appropriately, as the organization's conscious effort to provide HR managers with opportunities to learn and improve employee performance in organizations; evaluating its efficiency and identifying sources of inefficiency is always a matter of serious interest (Yang, 2011).

4.2 Regression Analysis

The study aimed to examine the influence of team leadership on employee performance in commercial banks in Tanzania. The statistical model $Y = \alpha + \beta_1 X_1 + \epsilon$, where Y = Employee Performance, α = constant, β_1 = Coefficient of X_1 , X_1 = Team Leadership, and ϵ = Error term, was used to explore the relationship. Table 3 shows that the R was 0.19. This implies that team leadership was weakly correlated with employee performance in commercial banks in Tanzania. In addition, the R -squared was 0.031. This implies that team leadership accounts for 3.1% of the variation in the dependent variable, namely employee performance in commercial banks in Tanzania.

Table 3: Model Summary: Team leadership and employee performance

Model	Change Statistics							
	Adjusted R Square	R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	0.19 ^a	0.03	0.03	0.30	0.03	10.74	1 303	0.001

a. Predictors: (Constant), Team Leadership

b. Dependent Variable: Employee Performance

The study findings show that team leadership, defined as facilitating individual and collective efforts to accomplish shared objectives (Yukl, 2023), is associated with employee performance. The findings support the position that team leadership is associated with organizational employee performance; thus, team leadership support focused on developing the most capable workforce enables the organization to achieve its goals and enhance team members' performance. The results of these findings were echoed by the findings of Masanja and Chambi (2020), who found that participative team leaders undertake actions to ensure the needs and goals of a team are met by allowing each team member to develop a deep understanding of the direction of the team, which is likely to enhance employee performance.

The ANOVA results in Table 4 show that the model was statistically significant ($F(1, 308) = 10.74$, $p < 0.001$). This implies a good fit of the model and that team leadership is a strong predictor of employee performance.

Table 4: ANOVA: Team leadership and employee performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.94	1	0.94	10.74	0.00
	Residual	26.45	342	0.09		
	Total	27.39	343			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Team Leadership

Given the statistical model $Y = \alpha + \beta_1 X_1 + \varepsilon$, the beta coefficient for team leadership in Table 5 is $\beta = 0.185$ ($t = 3.278$, $p < 0.001$), indicating that a unit increase in team leadership is associated with a 0.185 increase in employee performance. This implies that the model had a good fit. It is therefore concluded that team leadership is a good predictor of employee performance in commercial banks in Tanzania. These findings align with those of Gupta et al. (2010), who confirmed a positive and significant relationship between team leadership and employee performance.

Table 5: Coefficients: Team leadership and employee performance

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	3.73	0.20		18.63	0.00
Team Leadership	0.15	0.05	0.185	3.28	0.00

a. Dependent Variable: Employee Performance

Optimal model

$$Y = 3.73 + 0.185X + \varepsilon$$

Where Y is employee performance

X is team leadership

H_0 : Team leadership has no significant influence on employee performance in commercial banks in Tanzania.

The criterion for acceptance was to reject if the p-value was less than 0.05; otherwise, the null hypothesis was accepted. The results indicate a p-value < 0.001 and a t-statistic of 3.278, which exceeds the critical t-statistic of 1.96. The null hypothesis (H_0) that team leadership does not significantly influence employee performance is rejected. The study concludes that team leadership significantly influences employee performance. Team leadership significantly influences employee performance because leaders' actions, communication, and management style directly affect team motivation, productivity, and morale. The study findings align with Gerras and Clark (2021), who have long indicated that team leadership (Magasi, 2021) is linked to better team performance. Findings also align with those of Omama Koranteng et al. (2022), who found that organizational culture moderates the relationship between organizational leadership and organizational efficiency in the banking sector.

5. Conclusion

Based on the study's findings on team leadership, as endorsed by the majority of respondents in commercial banks in Tanzania, it can be concluded that these practices influence employee performance. Leadership practices, including delegation, level of support, and leadership styles, were positively and significantly associated with the measures of employee performance used in this study: productivity, service quality, and employee well-being.

6. Recommendations

Bank managers should focus on developing their leadership skills through training, empowering their teams by delegating tasks, and fostering a collaborative environment that encourages open communication and shared goals. This includes providing clear objectives,

offering support, and ensuring a strong link between individual and team efforts and the bank's strategic goals.

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