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**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE'S JOB  
SATISFACTION IN ETHIOPIAN AIRLINES**

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**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE'S JOB**  
**SATISFACTION IN ETHIOPIAN AIRLINES**

**A Thesis Submitted to Addis Ababa University College of Business and**  
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*Certificate of Declaration*

This is to certify that the thesis entitled “The effect of leadership style on employee’s job satisfaction in Ethiopian Airlines” is prepared by Rahel Alayu under the supervision of Yohannes Workaferahu (PhD), which is submitted for partial fulfillment of the requirements for the degree of Master of Art in Business Administration with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## **Endorsement**

This thesis, “The effect of leadership styles on employees’ job satisfaction in Ethiopian airlines has been submitted to Addis Ababa University College of Business and Economics, MBA Program for examination with my approval as a university Advisor

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## **ACRONYMS AND ABBREVIATIONS**

**ETAG:** Ethiopia Airlines Group

**FRLM** - Full Range Leadership Modal

**JSS** - Job Satisfaction Survey

**MLQ**-Multifactor Leadership Questioner

**SPSS**- Statistical Package for Social Science

**VIF**- Variation Inflation Factor

-

## ABSTRACT

*The study main objective was to examine the effect of transformational, transactional and laissez faire leadership styles on employees' job satisfaction of Ethiopian airlines employees. The research includes participants from five departments from staff level employees, managers, team leaders and expert position working in Ethiopian airlines. The research approach used was qualitative both descriptive and explanatory research designs were used. Sample size was 369 determined from total population by yemanes (1967) sample size determination formula. 340 response was able to be collected from participants by letting them to fill closed ended standardized questioner. Descriptive statistics, correlation and multiple regression analyses used to analyze the data with SPSS version 26.0 statistical Package for Social Sciences. Correlation analysis revealed that there is positive significant relationship between transactional leadership, transformation and laissez fair leadership styles and job satisfaction. From the multiple linear regression analysis, it is found that dependent variable explains 63.5% of variance in the dependent variable. According to the finding individualized consideration, intellectual stimulation, inspirational motivation has greater impact on employees' job satisfaction and the effect of idealized influence on job satisfaction was positive but insignificant relationship observed. Similarly, significant positive relationship is found among the dependent variable and Contingent reward and Management by exception (active). Management by exception (passive) and laissez faire found to have negative relationship. The study finding indicated that transformational leadership and transactional leadership and laissez faire leadership style practice in Ethiopian airlines. Hence, Ethiopian should follow specific leadership style that positively impact on job satisfaction like transformational. Study also recommends Ethiopian airlines should focus on influencing employees' pride, important value and beliefs and they should consider the ethical consequence of decisions on employees to improve jobs satisfactions.*

**Key words; idealized influence, inspirational motivation, intellectual stimulation, individualized consideration, contingent reward, MBE (A), MBE (P), laissez faire leadership, job satisfaction, SPSS.**

# **CHAPTER ONE**

## **1. INTRODUCTION**

This chapter introduces the research by presenting background of the study and demonstrating the need for the research. Within this part of the research, the background of the study, background of the organization, statement of the problem, research objectives, research questions, significance of the study, scope of the study and organization of the paper are included accordingly.

### **1.1. Background of the study**

Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent (Jain, 2013). The other research surveyed by (Klingborg, Moore & Hammond, 2006) shows that leadership is process-oriented, on the specific practice of challenging the process, inspiring a shared vision, enable others to act, modeling the way encouraging the heart. And the outcome will be determining what should be done and it can be systematic change, transformation, paradigm shifts, significant improvements or innovation, new and added value to or from the organization. (Bass & Avolio, 1993) described leadership as it is often associated with dynamism, creativity, focus on people, and establishing the direction of a group.

A leader is a person showing a positive approach and ability to solve problems. They are concerned about the current situation and effective organizations require both tactical and strategic thinking, as well as culture building. The leader is responsible to construct a culture that is dedicated to support the vision of the organization (as cited by Daniel, 2021). And they are the champions of change who keep the process of change going on and maintaining the operational reliability of the organization (Smith, cited in Zeleke & Kifle, 2020).

Leadership style is a key component of all organizations, but its function and capacity are getting more complicated with increased involvement in globalization and technology

development (Punnett, cited in Gautam & Khurana, 2019). (Wilderom et al . 2004) claimed that “An organization’s leadership style is considered to have a direct impact on the relations between leaders and an employee, thus affecting employees’ performance, job satisfaction, and the organization’s total coherence” (as cited in Zeleke & Kifle,2020).

For Belias & Koustelios(2014), job satisfaction refers to a pleasant or positive emotional condition, which is derived from an employee’s appreciation for his/ her occupation or work experience. Research results have shown that organizational behaviors, like warmth among employees, mutual trust, respect, and rapport between employees and superiors can be significant predicting factors of the job satisfaction experienced by employees. Employees’ job satisfaction is essential for high-quality work and effective organizational performance (Nidadhavalu, 2018).

Many accounts of the literature demonstrate the relationship between leadership style and job satisfaction. According to (Ambergey,2005 understanding the association among job satisfaction, employee organizational commitment, organizational culture, and leadership is important because it assists in creating an efficient and motivated workforce and allows for an organization to achieve better overall goals and objectives. According to (Smith, cited in Zeleke & Kifle, 2020) people, the human resources of organizations, are both essential factors in organizational change and, at times, the biggest obstacles to achieving it.

This study intends to identify the type of leadership style currently applied by managers and immediate supervisors of Ethiopian airlines group from employees’ perceptions. It also purposes to study employees’ satisfaction concerning their close supervisors or top management leadership styles regarding how they provide guidance and praise for the outstanding accomplishment of responsibilities assigned. It explores the employees’ views of job satisfaction from the point of full range leadership model. It will also provide suggestions and recommendations for Ethiopian airlines group to work more towards increasing job satisfaction of its employees and thereby overcome employee turnover that is believed to be prevailing in the organization.

## **1.2. Background of the organization**

Ethiopian has come a long way since commencing operations in 1945 with a weekly service between Addis Ababa and Cairo. Early on the airline recognized that a successful future depended on first developing a far-reaching Pan-African route network. With this aim now largely fulfilled, the airline's focus is shifting.

Ethiopian Airlines Ethiopian hereafter EAL, is Ethiopians flag carrier and is wholly owned by the Government of the Federal Democratic Republic of Ethiopia.

- EAL is founded on 21 Dec 1945 and commenced its first flight took place to Cairo via Asmara on 8th April 1946.
- EAL has been a member of the IATA since 1959 and of the African Airlines Association (AFRAA) since 1968
- EAL is joined the largest alliance of airlines (star alliance) on December 2011. By originating from its main hub at Bole international airport, EAL serves a network of 116 international and 23 domestic destinations.
- EAL has been playing a pivotal role in advancing economic development of the country. For 75 years now (1946-202021).
- EAL made a positive net economic value contribution to the national economy by facilitating trade, investment and tourism in line with its vision (Kirubel , 2015). The value added is measured in terms of contribution to GDP, employment, and comes in the form of visitor expenditure as well as jobs created in Hotels and facilities at spend. EAL aimed to be fast, Determinants of Ethiopian Airlines Profitability.

### **Ethiopian airlines International Awards After 2020.**

- Airbus Awards Ethiopian for its Unique Agility and Resilience During the COVID – 19 Global Pandemic Crisis
- Ethiopian-DHL, Ae Trade Group Partner to Transport Historical Parcels Under AfCFTA
- Ethiopian Wins Overall Excellence for Outstanding Crisis Leadership 2020 Award
- Ethiopian Wins Overall Excellence for Outstanding Crisis Leadership 2020 Award

- Ethiopian Cargo & Logistics Services Wins ‘Best Cargo Airline – Africa’ Award Addis Ababa, 30 October 2020
- Ethiopian Cargo & Logistics Services Wins ‘Best Cargo Airline – Africa’ Award Addis Ababa, 30 October 2020
- Ethiopian Wins ‘International Air Cargo Marketer of the Year’ Award. Addis Ababa, 28 February, 2020

### **1.3. Statement of the Problem**

Leadership nowadays becoming more difficult than in the past centuries since more educated and demanding employees from different backgrounds joins the working environment every day. Therefore, leaders should be able to handle those circumstances and make the working environment attractive. Voon, Lo, Ngui1, & Ayob described, “the challenges of leadership and management include working in an environment of constant change and the increasing complexity of organizational structures coupled with a tough economic environment and growing competition. Evidence has suggested those new technologies, the knowledge economy, the rise of social media, greater transparency, rising consumer/employee demands, and environmental resource concerns present a complex mix of challenges. With the right leadership, an organization can defeat these challenges. Leaders can influence employee job satisfaction, commitment, and efficiency” as cited in (Kebede & Demeke, 2017).

Moreover, the effect of leadership style in a given organization has been top contributor to employee’s job satisfaction if it’s practiced properly in scientific way. It is factor affect the interest of employees to work towards the organizational objectives (Nidadhavolu, 2018). Therefore, it is usually theorized as an attractive approach to aligning employee and employer interests. Of course, there are empirical works made on the relation between leadership styles and argued that attractive leadership style system increases the achievement of organizational goal and retain employees for longer period. Different scholars conducted studies in the area for instance; Fasika Yalew (2016) in program for appropriate technology in health (PATH), Munit Bekele (2021) at Berhan Bank, Mengstu Bogale (2020) at Commercial Bank of Ethiopia and other conducted their studies on

effect of leadership styles on job satisfaction of employees working in the Ethiopia at cross-sectional level. Then their result showed that there is a positive relationship between transformational and transactional leadership styles and laissez-faire leadership style has negative relationship with employee job satisfaction. Hence, to the best of the researcher's knowledge, studies conducted to understand the area is dearth and scant in Ethiopian airlines and previously done studies focus on only local company they didn't study focus on internationally operating company like Ethiopian airlines, . Therefore, the academic gap regarding to leadership styles and job satisfaction of Ethiopian airlines needs to be studied.

EAL is profitable and growing airline by providing excellent air transport services and will be the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and Cargo Transport, Aviation Training, Flight Catering, Maintenance Repair and Overhaul (MRO), Ground Services, Domestic and regional services by 2025. Despite its successes, the researcher believe that prior success is no guarantee for future, as EAL is part of a highly dynamic industry characterized by low profit margins, high competition, unpredictable events, and emerging challenges which continuously keep changing the competitive environment.

Thus studying the relationship between leadership style and job satisfaction of employees for sensitive industry like Ethiopian airlines is important. Since it is an industry, where high competition is observable among companies to attract and retain customers from time to time; staying competent with the help of good leadership style that leads to satisfied human capital is an important factor. Therefore, the researcher gets motivated to do a detailed research on such a topic that has an impact on future performance of Ethiopian airlines. Thus, this study tried to examine the satisfaction of the employees of Ethiopian Airlines with the leadership style practices employed based on full range of leadership model (transactional, transformational and laissez faire).

## **1.4. Research Objectives**

### **1.4.1. General Objective**

The objective of this research is to analyze the effect of leadership style on job satisfaction of Ethiopian Airlines employees.

### **1.4.2. Specific Objective**

The specific objective of the study is:

- ✓ To analyze the effect of a transformational leadership style on job satisfaction
- ✓ To investigate the effect of a transactional leadership style on job satisfaction
- ✓ To examine the effect of a laissez-faire leadership style on job satisfaction
- ✓ To determine current leadership style that Ethiopian Airlines is following.

## **1.5. Research Questions**

- ✓ What is the extent of transformational leadership style effect on ETAG employees' job satisfaction?
- ✓ To what extent transactional leadership style is affecting ETAG employees' job satisfaction?
- ✓ Does laissez-faire leadership style affect ETAG employees' job satisfaction?
- ✓ Which type of leadership style is currently prevailing in Ethiopian Airlines?

## **1.6. Significance of the study**

The recommendation of the study will significantly help Ethiopian Airlines to improve employees' job satisfaction by revising the leadership style that is being followed. In return, this will help the organization keep its existence and good name by improving its organizational performance and significantly decreasing employee turnover rate by enhancing job satisfaction. The study will also give a clue and it can be used as a benchmark to other researchers who are willing to do further research on this topic.

- The finding of this study could have outcomes of academic and policy significance.

- This study could also be used for further research on the area of leadership style and employees' compensations as well as other related issues.

### **1.7. Scope of the study**

The geographical scope of the study covers only Ethiopian airlines head office permanent employees. To make the study manageable the study is delimited to examining the effect of leadership style and job satisfaction of ETAG employees. Here leadership style considered as independent variable and job satisfaction as dependent variable. Therefore, any result found in this study interpreted in relation to leadership style and job satisfaction of Ethiopian airline employees. Quantitative research approach and explanatory research design was used to quantify the relationship between leadership style dimensions and job satisfaction. The study also limited to employees under corporate staffs of Ethiopian airline. Research conducted could have much reliable results if it included large number numerous organizations in the study area however; the researcher has not attempted to cover the total study population, because of the financial area and purpose of the study.

### **1.8. Organization of the study**

This research paper comprised of five chapters. The first chapter included an introduction, background of the study, Background of organization statement of the problem, research questions, the objective of the study, the significance of the study, the scope of the study, and organization of the study. The second chapter is devoted covering the review of related literatures. The third chapter composed all about the research design and methodology of the study. Results and discussion is discussed in chapter four. The last chapter was a summary of major findings, conclusions, and recommendations.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITERATURE**

#### **2.1 Theoretical Review**

The definitions, theories, and past related papers are mandatory to conduct researches as they can help to compare the issues around the study. In this chapter, we are going to see about theoretical review and empirical evidence. The theoretical review shows the concept, definition, and theories of leadership including the full range of leadership styles. The empirical evidence shows the relationship between leadership style and employee satisfaction studied by other researchers. and lastly, we are going to see the conceptual framework of the study.

##### **2.1.1 Concept and definition of leadership**

Jago defined a leader as” Good leaders are made not born. If you have the desire and willpower, you can become an effective leader. Good leaders develop through a never-ending process of self-study, education, training, and experience” (as cited in Sharma & Jain 2013, P.309). Similarly, Great leaders direct their followers in the direction which can enable them to achieve anticipated organizational goals (Kebede & Demeke, 2017). To inspire your workers into higher levels of teamwork, there are certain things you must be, know, and, do. These do not come naturally, but are acquired through continual work and study. Good leaders are continually working and studying to improve their leadership skills; they are NOT resting on their laurels (Sharma & Jain 2013).

Leadership means different things to different people. A definition usually depends on the perspectives, personalities, philosophies, values, and professions of those who define it. In its most basic form, leadership is defined as the art of moving others to want to struggle for shared aspirations. Therefore, a leader is an individual who possesses the ability to encourage, motivate and/or influence others. Because of the multitude of venues in which leaders are found, what constitutes leadership varies a great deal (Student activities and leadership center, n.d.).

“Leadership is an essential function in every organization. In fact, no organization can exist without a leader. The goal of any organization depends on the people that are employed to achieve the organizational objectives. Effective administration depends to a very great extent on sound leadership that can influence the workers in such a way that they all strive towards achieving the desired objective of the organization. Importantly, workers should be encouraged to work willingly with zeal and confidence. Since leadership is very important in an organization, there is a need to look at different views that have been given by some scholars about leadership and leaders” (Aibieyi 2014)

Northouse defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal” These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: - (a) Leadership is a process; (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. Yukl also defined leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individuals and collective efforts to accomplish shared objectives” (as cited in afribary works servant leadership. n.d).

“Leadership entails changing an organization and making active choices among plausible alternatives, and depends on the development of others and mobilizing them to get the job done. A good leader is capable of persuading others to move enthusiastically towards the achievement of group goals. What is normally expected from employees is that they work with total zeal and determination, but this is not always the case. Without a good leadership style, the performance level of staff will be poor. This, no doubt reduces the credibility of the services rendered. The situation of the problem is poor delegation of duty, lack of dedication to work as a result of poor leadership style” (Aibieyi 2014.p.53).

The above definition shows as those leaders are who can influence others to attain the organization's goal. Influencing in other word means the ability to change the behavior of followers to perform in the way the leaders expect them which mean in the direction of

the realization of organizational purpose. They are also expected to prepare future visions, and to motivate peoples works in the organization to become interested to achieve the visions.

“Effective leadership requires insight and self-awareness, organization, ongoing communication and reinforcement, the ability to catalyze a shared future vision, and successful recruitment of followers motivated to action. Effective leaders do not possess a defined thematic list of personal traits but, rather, deliver both high performances in addressing organizational task issues and consideration for individuals with concern for interpersonal relations” (Klingborg et al. ,2006).

Even though the leadership definition has been defined as influencing the followers nowadays, it’s not only restricted to only influencing others. However, there are things both leaders and followers can share to achieve the ultimate purpose of the organization. Leaders with employee-cantered behaviour give attention to their employee’s desires and have a habit of discussing and sharing experiences in their work environment and have more satisfied subordinates. Therefore, task-oriented or people-cantered leadership depends on existing situations they do whatever it takes to get the job done hence no specific rules for leadership behaviour that lead to the achievement of the goals.

#### **2.1.1.1 Theories of leadership**

According to (Aibieyi,2014) there are three major approaches to the study of leadership. These are the traits or psychological approach, the situational or contingency approach, and thirdly the behavioural approach but on the other survey done by (Kahan, Nawaz & Kahan 2016) there are more than three like Great-Man Theory, Trait Theory, Contingency Theories (Situational), Style and Behaviour Theory, Process Leadership Theory, Transactional Theory, and Transformational Theory. Here we are going to see only the five leadership theories in detail for the sake of simplicity.

##### **A. Trait approach**

The traits approach had the belief that leaders are born and not made and that there are certain qualities that are limited to only leaders which constitute the distinguishing factors

between the leader and others (Edem cited in Aibieyi 2014). The early theorists opined that born leaders were endowed with certain physical traits and personality characteristics that distinguished them from non-leaders. Trait theories ignored the assumptions about whether leadership traits were genetic or acquired. Jenkins identified two traits; emergent traits (those which are heavily dependent upon heredity) as height, intelligence, attractiveness, and self-confidence and effectiveness traits (based on experience or learning), including charisma, as a fundamental component of leadership ( Ekvall & Arvonon as cited in Kahan, Nawaz & Kahan 2016).

According to Aibieyi (2014) traits approach failed to consider situational factors, knowledge, the flexibility of mind will power integrity and physical and emotional stamina that can be developed after birth and shape the leader's behavior.

Giving Unugbro cited in Aibieyi 2014 the weakness of the Trait approach includes

1. List of traits usually do not indicate which ones are most or lesser important
2. Trait studies do not distinguish between a trait that is needed for acquiring leadership and those that are necessary for maintaining a leadership position.
3. Trait theories are based on debatable assumptions regarding personality which for example ignore the fact that personality is not the mere summation of a collection of traits but a function of the total organization of the individuals.

### **B. Situational approaches**

Hackman & Johnson, (2004) explains that leadership effectiveness depends on situational factors such as personality, the behavior of followers, nature of the task, and many others. Therefore, a leader's ability to produce an intended outcome changes with different situations cited in Daniel, E. (2021). This approach is an approach that depends on the social situation in which there is an interaction between leaders and followers. Leadership is a concept applied to the interaction between two or more persons; any group is a system of interaction in which every member is assigned a role within the system. This role is an expression of his interactions with other members. Therefore, leadership is a combination of personality and social system in interaction. Leadership cannot have an impact if it is not in interaction with the environment (Gibb cited in Aibieyi, 2014).

### **C. Behavioural approach**

The behavioral approach focuses exclusively on what leaders do and how they act. As per this approach leadership consists of two kinds of behaviour task and relational behaviours. Task behaviours are important to facilitate goal accomplishment as it helps group members to achieve their objectives. On the other hand, relational behaviour helps followers to feel comfortable with themselves, with each other, and the situation in which they find themselves. The main importance of the behavioural approach is to clarify how leaders combine the two types of behaviours to influence followers in their effort to achieve a goal. (SAGA publication,2016).

“The major criticism by the proponents of the behavioural approach is that one does not need to be a leader by trace or being able to interact with the social system before becoming a leader, but upon becoming a leader, one should be able to take initiatives that are, behaviour is contingent upon purpose” ( Aibieyi, 2014).

### **D. Contingency theory**

‘The Contingency Theory emphasizes different variables in a specific setting that determine the style of leadership best suited for the said situation. It is founded on the principle that no one leadership style applies to all situations. Good leaders not only possess the right qualities but they’re also able to evaluate the needs of their followers and the situation at hand. In summary, the contingency theory suggests that great leadership is a combination of many key variables” (Corporate Finance Institute, n.d).

### **E. Great Man Theory**

This theory is also called the great person theory and it's also very similar to traits an approach. According to it, leaders are born with just the right traits and abilities for leading charisma, intellect, confidence, communication skills, and social skills. This means the ability to lead is inherent that the best leaders are born, not made (Corporate Finance Institute,n.d).

### **2.1.1.2 The full range of leadership models (FRLM)**

(Burns, 1978) burns delineate two basic types of leadership transactional and transformational, the latest being defined as a process in which leaders and followers raise one another to higher levels of morality and motivation as cited in Romascanu, Gheorghe & Stanescu, (2017). According to (Barbuto, 2007) also the full range of leadership includes both transactional and transformational behaviours. According to him, the ability to use a full range of leadership behaviour is what separates ineffective from effective leaders.

According to Thurrell, (2010.p.1), “A transactional leader relies on contingent exchanges (e.g. rewards or praise) to motivate subordinates whereas a transformational leader elevates subordinates to higher levels of performance by inspiring them to place the goals of the group ahead of their own”. Later Bass (1985) reconceptualised the two styles as complementary constructs forming the basis of what is now full-range leadership theory as cited in Thurrell, (2010). Full range leadership theory has gone through the results of extensive research and now consist of five transformational leadership factors (idealized influence (attributed), idealized influence (behaviour), inspirational motivation, intellectual stimulation, and individualized consideration), three transactional leadership factors (contingent reward, management by exception active, and management-by-exception passive), and one non-leadership factor (laissez-faire leadership) (Thurrell,2010). Therefore, in according to the reviewed works of literature the full range of leadership models consists of the three leadership models transactional, transformational, and laissez-faire leadership models.

#### **2.1.1.2.1 Transformational leadership**

“Transformational leadership is defined as a leadership approach that causes a change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders. Enacted in its authentic form, transformational leadership enhances the motivation, morale, and performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the mission and the collective identity of the

organization; being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance” (Transformational leadership n.d).

### **A. Components of transformational leadership**

According to Transformational leadership, (n.d) the full range of leadership comprises four components of transformational leadership.

#### **1. *Individualized consideration (compassionate leader) includes-***

Transformational leadership (n.d.p.2) defined individualized consideration “the degree to which the leader attends to each follower's needs, acts as a mentor or coach to the follower and listens to the follower's concerns and needs. The leader gives empathy and support, keeps communication open, and places challenges before the followers. This also encompasses the need for respect and celebrates the individual contribution that each follower can make to the team. The followers have a will and aspirations for self-development and have intrinsic motivation for their tasks”.Barbuto,(2007) on the other research put precisely what individualized considerations includes those are Empathizing with individual needs, Making an interpersonal connection with employees, Genuinely caring and showing this compassion in action, Encouraging continuous development and growth of employees, and Sending the message “I care about you and am looking out of your best interest” ”(Transformational leadership n.d).

#### **2. *Intellectual stimulation (thinking out of the box)-*** Transformational leadership (n.d.p.2) explains this component as “the degree to which the leader challenges assumptions, takes risks, and solicits followers' ideas. Leaders with this style stimulate and encourage creativity in their followers. They nurture and develop people who think independently. For such a leader, learning is a value and unexpected situations are seen as opportunities to learn. The followers ask questions, think deeply about things and figure out better ways to execute their tasks”. According to Barbuto,(2007) Intellectual stimulation includes

Encouraging the imagination of employees, Challenging the old ways of doing things, Looking for better ways to do things, Encouraging followers not to think like him/her, Willing to take risks for potential gains, Sending the message “if we change our assumption then...”

3. ***Inspirational motivation (exciting /sharing the vision):*** -includes Inspiring others to perform, clarifying where the organization will be in the future, creating strong sense of purpose among employees, aligning individual and organizational needs, helping followers achieve more than even they thought was possible, Sending the message, “if we focus on what his organization stands for we can achieve whatever we desire!”. Barbuto,(2007).
4. ***Idealized influence (action speaks louder than words)***-as defined in Transformational leadership (n.d.p.2) Provides a role model for high ethical behaviour, instils pride, gains respect and trust. And, it includes Demonstrating an inclusive vision, Walking the walk, exhibiting great commitment and persistence in pursuing objectives, expressing confidence in the vision of the organization, Symbolizing the goal and mission of the organization, sending message, “I believe that this is truly the right thing to do” (Barbuto, 2007).

Leaders can practice these four practices to gain extra efforts from employees’ experience higher productivity and greater organizational effectiveness. All have resulted in extra effort from workers, higher morale, and satisfaction. Higher organizational effectiveness, lower turnover, lower absenteeism, and greater organizational adaptability to change in the environment (Barbuto, 2007).

#### **2.1.1.2.2 Transactional Leadership**

James (2013) well-defined Transactional leadership as a style of leadership in which the leader promotes the compliance of his followers through both rewards and punishments. Contrasting to Transformational leadership leaders using the transactional approach are not looking to change the future, they are looking to merely keep things the same. These leaders pay attention to followers' work to find faults and deviations. This type of leadership is effective in crises and emergencies, as well as when projects need to be

carried out in a specific fashion. According to Barbuto,(2007) transactional is more effective leadership than Laissez-faire leadership but it's generally ineffective/not effective as transformational leadership since it has high employees' turnover, absenteeism, poor satisfaction, and poor perception of organizational effectiveness it leadership includes

1. **Management by exception (putting out of the fires)**-comprises taking corrective actions, setting standards but waiting for the problems to arise before doing anything, Stressing what people are doing wrong, enforcing rules, disliking challenges to the status quo only hearing from the leader when something is wrong, Generally, management by exception focuses on identifying and taking immediate corrective action of cases that deviates from the normal circumstances/norm.
2. **Contingent Rewards (let's make a deal)**-According to the reviewed works of literature, it is a helpful and generally more active and effective transactional leadership behavior in which the leader develops well-defined roles and expectations to achieve desired performance levels. The leader uses goals and "carrots and sticks" (i.e., rewards and punishments) to shape the behavior of followers. And it includes applying constructive transactions, making clear expectations of outcome and reward, exchanging rewards, and recognition of accomplishments, actively monitoring employee's progress, and providing supportive feedback and "if you do as we agreed you will get the reward".

#### **2.1.1.2.3 Laissez-faire leadership**

The laissez-faire leadership style is also known as the "hands-off style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible. This style looks simple and easy-going between leaders and subordinates.

As (Barbuto,2007) summarizes in his full range of leadership research lassie fair leadership is characterized by Absence of leadership, avoiding taking a stand on issues, Doesn't emphasized results, refraining from intervening when issues arise, Unaware of employee's performance, "that leaders don't even care if we do if we don't.

In general, in Laissez – Fair leadership Leaders normally do not want their interference in the decision-making process. They normally allowed their subordinates that they have the power to get their personal decisions about the work. They are free to do work in their way and they are also responsible for their decision. Normally Leaders avoid making a decision and don't involve working units because the leaders give subordinates complete freedom to do decisions. Sometimes the leaders provide them with important material and they just involve the answer & question but avoid feedback. It is used when employees are highly skilled, experienced, and educated, Employees have pride in their work and the drive to do it successfully on their own, outside experts, such as staff specialists or consultants are being used and Employees are trustworthy and experienced Chaudhry & Javed, (2012.p.259).

### **2.1.2 Job satisfaction**

Due to the popularity of job satisfaction within the field of industrial and organizational psychology, various researchers and practitioners have provided their definitions of what job satisfaction is. However, the two most common definitions describe job satisfaction as: “the delightful emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values” and “the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs “Sree & Satyavathi, (2017).

Kaliski defined Job satisfaction as a worker’s sense of achievement and success on the job. It is generally perceived to be directly linked to productivity as well as to personal well-being. Job satisfaction implies doing a job one enjoys, doing it well, and being rewarded for one’s efforts. Job satisfaction further implies enthusiasm and happiness with one’s work. Job satisfaction is the key ingredient that leads to recognition, income, promotion, and the achievement of other goals that lead to a feeling of fulfilment Aziri, (2011.p78).

Davis et al., says job satisfaction represents a combination of positive or negative feelings that workers have towards their work. Meanwhile, when a worker employed in a business organization, brings with it the needs, desires, and experiences which determine expectations that he has dismissed. Job satisfaction represents the extent to which

expectations are and match the real awards. Job satisfaction is closely linked to that individual's behaviour in the workplace as cited in Aziri, (2011.p77).

According to Arnold and Feldman cited in AliAbadia, AliAkbar & Fatih(2014), job satisfaction is defined as the most important attitude of job and claimed that job satisfaction depends on employees' attitude towards the job and organization. When an employee has high job satisfaction, it means that they generally like their job, consider that worthy, and have a positive attitude towards that.

According to Schermerhorn, et al, Krietner, and Arnold, et al.as cited in Anin, Ofori & Okyere, (2015) Job satisfaction is the degree to which an individual feels positive or negative about their jobs. It is an attitude or emotional response to one's tasks as well as to the physical and social conditions of the workplace. It is the amount of overall positive feelings that an individual has towards the job.

As Sree & Satyavathi,(2017) explained the definition of different authors about job satisfaction can be summarized by the feeling an employee has towards their job. This could be the job in general or their attitudes towards specific aspects of it, such as their colleagues, pay, or working conditions. In addition, the extent to which work outcomes meet or surpass expectations may determine the level of job satisfaction. However, job satisfaction is not only about how much an employee enjoys work.

#### **2.1.2.1 Dimension of job satisfaction**

From the perspective of the content theory of motivation notably, Maslow hierarchy of needs and Herzberg 2-factor theories, the organizational factors impacting job satisfaction including but are not limited to, wage/pay, recognition, supervision, the work itself, security, supervision, work environment, and co-workers (Anin, et, al,2015).

**A. Pay-**According to (Locke, as cited in Fieldman & Arnold, 1983) pay is a fundamental factor to determine job satisfaction. Money is the means to fulfill needs for food, shelter, and clothing as well as leisure. It also serves as a symbol of achievement and recognition.

- B. Recognition** - Recognition as a motivator factor, according to (Herzberg as cited in Anin, et, al,2015) means being recognized for the efforts and accomplishment of work by receiving a company reward, promotion, or salary increase. (Bowen as cited in Anin, et, al,2015) also posits that it is the acts of notice, praise, or blame supplied by one or more superiors, peers, colleagues, management persons, clients, and/or the general public that is a factor for job satisfaction.
- C. The work itself**- Aspect of the work itself that are sources of job satisfaction include control over work method and work pace, use of skills and abilities and variety. People derive pleasure from coping successfully with their environments. Using valued skills and abilities provides workers with a sense of self-pride, competence, and self-confidence. Specialization and repetitiveness lead consistency to job satisfaction. A moderate amount of stimulation gives the worker great satisfaction according to (Hebb, as cited in Anin, et, al,2015).
- D. Supervision and Promotion opportunities**
- E. Promotion** –Estimating the effect of both promotions and promotion expectations on job satisfaction helps us to understand the importance of promotions as a mechanism for eliciting greater effort from workers. Specifically, finding that promotions lead to greater job satisfaction, even after controlling for wages and wage increases, supports the notion that workers value the promotion in and of itself. This gives firms a non-pecuniary tool for extracting effort and other positive behavior from their workers. Accurate estimates of these effects indicate how effective promotions might be in eliciting effort. Furthermore, promotion expectations can also play a powerful role. Workers who realize they are not going to win promotion this time around may decrease work effort unless they believe they are still in the hunt for future promotion (Kosteas. n.d).
- F. Supervision**- Based on (Buckingham & Coffman as cited in Gurmessa,2020) have found that a talented employee may join an organization for many reasons, but how long that employee stays and how productive he/she is while there is determined by the relationship with the immediate supervisor. According to (Coch & French as cited in Daniel,2021) two areas of leadership style seem to be strongly connected with employee satisfaction. The first is employee-centeredness. Supportive behavior of

supervisors to subordinates contributes to the job satisfaction of supported workers. The second area is allowing employees to participate in decision-making. Research findings indicate that employees that participated in decision-making showed a high level of job satisfaction.

#### **G. Work environment and co-workers**

As Daniel, (2021) Working conditions and job satisfaction are positively correlated. Temperature, humidity, ventilation, hours of work, adequate tools and equipment, etc. affect job satisfaction. Based on Anin, et, al, (2015) work environments and co-workers provide group members with opportunities for interaction with each other. Locke as cited in Anin, et, al,2015 employees prefer pleasant working conditions because they facilitate getting the work done efficiently. Adequate tools and equipment help employees accomplish their work goals.

#### **2.1.2.2 Benefits of job satisfaction**

According to (Schwab, 2019) investing in employee satisfaction translates into growth and profitability. By fostering an environment that cultivates and retains talent, you not only improve your employees' engagement but also improve your client's satisfaction and the public perception of your company. Similarly, satisfied employees dedicate themselves to invest more effort in their jobs in this manner they let the organization achieve planned organizational goals and make its vision come true (Kebede & Demeke, 2017).

The four benefits of job satisfaction, as per the journal written by (Schwab, 2019), are stated as follows:

**A. Employee Engagement-** Satisfied employees translate into engaged employees. Having engaged employees produces a trickle effect for the company. Engagement can be found through your employees' roles, teams, company, and community. When an employee is satisfied, they are invested at all four of these levels. Employee engagement drives performance. Engaged employees better understand what their role is, how they fit within the team, and the impact they have within your company

and the community. Creating top performers who are excited about their roles will drive better talent for your company. Their dedication transforms your team members into evangelists helping to spread their positive experiences and encouraging other top performers to apply.

- B. Client/Customer Satisfaction-**When you are working with clients in an industry where your product is your people, employee satisfaction is an essential aspect of customer relations. Forbes refers to employee engagement as the “wonder drug for customer satisfaction.” In a B2B setting, building long-term meaningful relationships drives client success and happiness. The point-of-contact (POC) must be satisfied in their current position. This transfers into a more engaged employee that is more passionate and enthusiastic in their interactions with a client. They want to create scalable long-term partnerships with clients who in turn see their POC as an extension of their own business.
- C. Employee Retention-**Attracting top performers are essential for growing your company, but you should also foster your employee’s passion for their work and your company. Sometimes it can take weeks, even months, before an employee can work autonomously. However, once that transition occurs, the employee shifts from a high investment to a low investment, and their value to the company rises. The employee is then able to contribute at more of a fixed-rate long-term. The goal of employee retention is to attract and create top performers that can contribute and make an impact at a lower fixed investment.
- D. Public Acknowledgement-**Employee satisfaction helps to create evangelists for your company. Evangelists are people who are passionate about the work they do and the company they work for. They are publicly open about their experiences and share them across social channels.

## **2.2 Empirical Evidence**

### **2.2.1 The relationship between leadership style and job satisfaction**

Preceding studies have shown that leadership styles mainly affect employees’ perceptions of organizational politics, which in turn affects their job satisfaction. There are many pieces of research done on the effect of leadership style on job satisfaction. In almost all researches leadership and job satisfaction have a direct relationship. Which means when

leadership style of organization is positive towards employee's job satisfaction, the latter will also be positive since employee's perception towards the organizational commitment going to be positive. The reverse is also true.

Ineffective administration and management are some of the fundamental factors for the low levels of job satisfaction and organizational commitment (Nidadhavolu, 2018). Moreover, a study by (McKinnon, Harrison, Chow, & Wu, 2003) has shown that employees is more likely to be satisfied in organizations that are flexible and adopt a participative leadership style, with an emphasis on communication and employees' reward resulting in the organization's success. Furthermore, the main types of leadership that are likely to influence the employee's job satisfaction positively are the transformational and the servant one, with the worker as their primary focus (Belias et al, 2014). The absence of any specific leadership style or a situation where individual leaders are at liberty to act as they think and feel right in dealing with people's issues is an area where bias and dissimilarity overshadow fairness and uniformity (Ambergey, 2005).

(Saleem, 2015, p.568) found that transformational leadership has a positive association with job satisfaction which means that such leaders through their inspiring and motivating behaviour can induce changes in the psychological states of members of the organization. On the other hand, a negative association between transactional leadership and job satisfaction is found which means that this leader is more concerned with achieving organizational goals through giving rewards or punishments and have less concern with the motivation of the members of an organization.

On the other study (FasikaYalew, 2016) discovered that there is a positive relationship between transactional and transformational leadership style and employees' job satisfaction. The transformational and transactional leadership styles emphatically affect employees' job satisfaction. According to him, workers were more satisfied by their transformational leaders in contrast with transactional leaders in their manager's supervision style and level of autonomy they had on their occupation since the transformational supervisors enabled their employees to lead their employment autonomously.

The study by (Ushie, Agba, Agba& chime, 2010) revealed that the democratic leadership style allows employees a great amount of satisfaction. The study also revealed that workers who are not satisfied with leadership style which is more concerned with the attainment of intrinsic job content. Employees are more satisfied under democratic leadership than under autocratic or laissez-faire styles.

The impact of leadership style on job satisfaction is also shown by (Kebede and Demeke, 2017) in their research on the academic staff of Ethiopian public universities. Their finding prevails that leadership behaviours of leaders in the sample universities influenced the satisfaction of academic staff. The result revealed that instructors prefer a leader who exhibits a transformational style/behaviour because transformational leaders maximize the autonomy of the academic staff.

The research conducted by Daniel, (2021) on non-governmental organizations located in Addis Ababa also shown there is a positive relationship between idealized attributes, idealized behaviour, intellectual stimulation, inspirational motivation, management by exception (Active), and job satisfaction. According to her management by exception (passive) and laissez-faire have a negative relationship with job satisfaction. As per the finding, transformational leadership and transactional leadership (management by exception active) have a positive impact on job satisfaction whereas transactional leadership (management by exception passive and laissez-faire leadership negatively impact job satisfaction.

Moreover, the research on construction companies by Nidadhavolu(2018) has shown that leadership styles have a significant impact on employees' job satisfaction. The finding of the research indicated that the laissez-faire leadership style had a negative influence on job satisfaction and organizational commitment on the employees of two companies. Whereas, the transformational leadership style has had a positive impact on the employees of one company. According to the research negative influence from management on employees has a negative influence on performance therefore leaders should pay more attention to the employees' promotion, career growth, and equal job responsibilities of all the employees and give attention to the leadership style they are

following and understand leadership style is positively or negatively affecting the employees.

In the choice of leadership style, transformational leadership has been reported to be positively related to job satisfaction in various sectors of an organization as compared to other styles of leadership such as transactional and laissez-faire Sulieman, Voon, Emery & Barker, cited in Fasika Yalew,(2016).

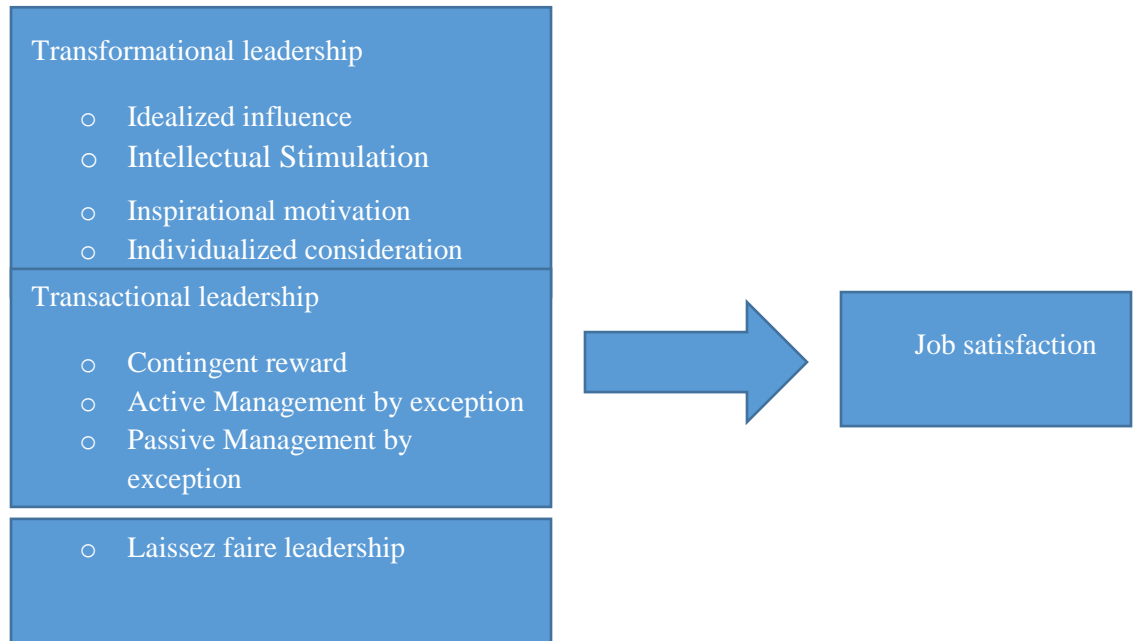
### **2.3 Conceptual framework**

One of the specific objectives of the research is to identify the dominant leadership style in Ethiopian Airlines. The other specific objectives are to examine the effect of leadership styles on employees' job satisfaction in Ethiopian airlines. Here, to develop the conceptual framework, the researcher used full range of leadership model based on literature and findings from various researchers. In this regard, the framework shows that there are three leadership styles which are related to job satisfaction namely transformational, transactional and laissez-faire. They follow different procedures, so they affect job satisfaction differently.

According to Bass and Riggo (2006), there are four dimensions of transformational leadership style namely idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. It is assumed that each of these dimensions affects the job satisfaction of employees in a certain way. And there are three dimensions of transactional leadership style that are related to job satisfaction. These are contingent rewards, active management by exception, and passive management by exception. and third leadership style, laissez-faire, do not dimension. In this model, leadership styles are regarded as independent variables, and job satisfaction is taken as the dependent variable. The conceptual framework of the study is constructed as follows.

## Independent variables or leadership styles

## Dependent variables



**Figure 1** conceptual framework (Source: Fasika Yalew, (2016) and other literature reviewed)

### Research Hypothesis

Based on the existing theoretical literature review and empirical study, the study aims to fill the gap in the effect of leadership style on employees' job satisfaction. There are three null and three alternative hypothesis proposed in the study.

Ha1: Transformational leadership style positively affects ETAG employees' job satisfaction

Ha2: Transactional leadership style positively affects ETAG employees' job satisfaction

Ha3: Laissez-faire leadership positively affects ETAG employees' job satisfaction negatively

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

In this chapter, the research methodology used in the preparation of the research discussed in detail. The issue that was discussed include research design, research population and sample size, sampling design, data type, data source, data collection method, data collection instruments, data analysis, and presentation method. Lastly, validity and reliability and ethical consideration are included.

As Kothari,(2004) defined, Research methodology is a way to systematically solve the research problem as well as understood as a science of studying how research is done scientifically. Research methods are specific procedures for collecting and analysing data. They are planned, scientific, and value neutral. What that means is good research method does not "just happen." Instead, they deliberately employed in a way that designed to maximize the accuracy of the result (Gundar, 2012).

#### **3.1. Research Approach**

The aim of the study is to examine the effect of leadership styles on employees' job satisfaction. Quantitative approach used for this study, to quantify variables and to analyse it. Quantitative approach predominantly used as a synonym for any data collection technique such as a questionnaire or data analysis procedure such as graphs or statistics that generates or uses numerical data (Saunders, Lewis & Thornhill, 2009)

#### **3.2. Research design**

The research design provides the overall structure for procedures the researcher follows, the data the researcher collects, and the data analyses the researcher conducts. Simply put, a research design is planning (Leedy & Ormrod 2015). It is also defined as the general planning about how the researcher will go in answering her or his research questions (Saunders, Lewis, and Thornhill 2007). According to Burns & Bush "There are three types of research design: exploratory, descriptive, and explanatory. Descriptive research is used when the researcher wants to describe the phenomenon being studied. It consists of questions like how, when, where, and who. Whereas exploratory research mainly focused on examining a problem. Usually, such a method is applied when not

much is known about the problem and it answers the question of “why?” The last one which is Explanatory research is used to explain the relationship and differences between certain phenomenon’s “cited in (Asfaw,2016).

The nature of this study leads towards correlation research, investigating the relationship between leadership style practiced within the organization and employee job satisfaction thereby knowing what leadership style is being followed by the company. So, the researcher used both explanatory and descriptive research designs. To determine the clear relationship between the full range leadership models and job satisfaction and to identify the leadership style that is currently followed by Ethiopian airlines. The study was also cross-sectional in the sense that relevant data was collected at one point in time that were useful to assess practices, attitudes, awareness, and opinions of a population concerning the topic that is being studied.

### **3.3. Population and sampling design**

#### **3.3.1. The population and sampling techniques**

The total population of the study is Ethiopian airlines head quarter employees who work in Addis Ababa except those who are flight crews, maintenance personnel, sales personnel, management members since, they are not readily accessible to the researcher as they are working in a restricted area and with different work shifts and the researcher believes that the remaining study population can represent the effects in the entire airlines as they are large in number.

The sampling technique that’s used is a stratified random convince quota sampling technique. The study grouped the population into strata and from each stratum of the airlines. The respondents were selected appropriately. According to the headcount analysis report from the human resource management department of Ethiopian airlines, there are a total of 15,000 permanent employees working for the organization as of August 2021 which is going to be considered as a total population. Hence the target population for the study was extracted from the total population mentioned above.

Due to high cost, time requirement and inaccessibility, the study was only considering part of the total population. One of the strata, named “Corporate employees” which are 4,786 in number are who works in different departments of the organizations, was treated as the target population of the study. Since most of the total population stratum other than “corporate employees” works in restricted areas, entry is allowed only for an authorized person and some of them work on flights. This stipulates that the above excluded stratum are not going to be considered as part of the target population.

Accordingly, the researcher used a confidence interval of 95%, which is the level of certainty whether the response for each question is true or not. 5% margin of error is the amount of error from the difference in the responses the researcher can tolerate when concluding the data.

The formula that used to determine the sample size from the total population is Taro Yamane's (1967) sample size determination formula as shown below.

$$n_o = \frac{N}{1 + N(e^2)}$$

Where: **n<sub>o</sub>** = is the sample size

**N**= is the target population size, and **e** = is the level of precision or sampling error

Therefore, inserting the values into the formula accordingly, we get the following result

$$\begin{aligned} &= \frac{4786}{1 + 4786(0.05^2)} \\ &= 369 \end{aligned}$$

According to this sample size formula, 369 will be the representative sample size of the target population for the subject study. Having a larger sample size is good since it makes generalization from sample to population more reliable.

NO	Corporate employees include	Sample size	
		Total no of employees	Proportion of sample
1	IT and communication	538	$538 \times 369 / 4786 = 41$
2	Finance	548	$548 \times 369 / 4786 = 42$
3	Human resource	1190	$1190 \times 369 / 4786 = 92$
4	Procurement	577	$577 \times 369 / 4786 = 45$
5	Marketing	1,933	$1933 \times 369 / 4786 = 149$
	Total	4786	369

**Table 1:-**Proportionate of Sampling Size Determination (Source: Ethiopian Airlines Headcount Status Report August 2021)

### 3.4. Data collection methods

#### A. Data type and sources

The study used primary data collected from employees of Ethiopian airlines through dispatching standard questionnaires. In addition, here, face-to-face interviews might be applied if possible, considering its difficulty Due to Covid 19. Regarding the standard questionnaire, the researcher develops a fused MLQ-JSS questionnaire from both Multifactor Leadership Questionnaire (MLQ) and job satisfaction survey (JSS) for leadership style and job satisfaction respectively. The professional employees are located in Addis Ababa, Head Quarter office. After identifying the sample respondents, the questionnaire provided by the researcher and enough time is given on all the items to carefully fill it. The questions used a close-ended or a 5-point Likert scale to ease the process of analysing the data.

#### B. Multifactor Leadership Questionnaire – Job Satisfaction Survey

According to Bass and Avolio, the Multifactor Leadership Questionnaire (MLQ-5X) is the standard instrument for assessing transformational and transactional leadership behaviour considering Laissez-faire to be part of transactional as cited in Rowold, (n.d). It measures a broad range of leadership types from passive leaders, to leaders who give contingent rewards to followers, to leaders who transform their followers into becoming

leaders (Bass and Avolio as cited in (Fasika Yalew,2016). The revised form of MLQ is substantially refined and contains 36 standardized items, 4 items assessing each of the nine leadership dimensions associated with the FRL model, and the additional 9 outcomes. The main part of the MLQ consists of 36 types of questions.

As (Spector, 1997) explained, the revised Job Satisfaction Survey (JSS) is a questionnaire used to evaluate five dimensions of job satisfaction. Each of the five dimensions has 26 components. In addition, a five point Likert scale rates each of the components. Individuals are allowed to complete the questionnaire without direct supervision.

The rating for MLQ questionnaire starts from not at all (0), Once in a while (1), sometimes (2) fairly often (3), frequently, if not always (4) as it is used in MLQ (Bass & Riggo, 2006) for MLQ questioner and 5-point Likert scale questioner which have an option from strongly disagree to strongly agree to ease the process of analysing.

### **3.5. Methods of data analysis and presentation**

The collected data summarized and analysed using descriptive and different inferential statistics using Statistical Package for the Social Sciences (SPSS). Descriptive statistics such as frequencies, percentages, means, and standard deviations used to analyse the demographic information of the study sample. On the other hand, the data collected from part two and part three of the questionnaire, which is rated based on a 5- point Likert scale is to be analysed using inferential statistics that is Pearson correlation and regression analysis to identify the relationship between dependent variable and independent variable, know to what extent they are explain each other and to test the hypothesis. When presenting the analysed data, Figures also used to increase the understanding and ease comparing the data collected from the survey.

The regression assumes the following equation.

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \beta_7x_7 + \beta_8x_8 + e$$

Where Y is the dependent variable and x1, x2, x3, x4, x5, x6, x7, and x8 are the independent variables.  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$ ,  $\beta_6$ ,  $\beta_7$ ,  $\beta_8$ , are referred to as coefficients of

independent variables.  $\beta_1$ = Individualized consideration  $\beta_2$ = intellectual stimulation  $\beta_3$  = inspirational motivation  $\beta_4$ =idealized influence  $\beta_5$ =contingent reward  $\beta_6$ =management by exception active  $\beta_7$ =management by exception passive  $\beta_8$  = laissez faire leadership style and  $\beta_0$  is the constant by which job satisfaction is, influenced by other factors which are not specified as independent variables by the researcher and  $e$  is a vector of errors of prediction.

#### **A. Ethical consideration**

In this research, very big attention was given to ethical consideration. A concerted and conscious effort was made at all times to maintain the promise. A guarantee was given to Ethiopian airlines employees respondents that their names were not shown in the research report.

The researcher tried to clarify and inform respondents the purpose of the study is for academic purposes. In addition to this, they were informed that their participation in the study is based on their consent. The researcher tried also not to personalize any of the responses of the respondents during data presentations, analysis, and interpretation. Lastly, all the materials that were used for this research are appropriately acknowledged.

## CHAPTER FOUR

### 4. Result, Analysis and Discussion

This chapter explains and presents the result and interpretation of the research findings. The main objective of the study is to examine the effect of full range leadership model (transformational, transactional and laissez faire) leadership style on employees' job satisfaction in Ethiopian airlines group.

The characteristics of participants, in gender, age, educational background, and department work experience and position are explained in descriptive analysis. The demographic background of the respondents is summarized using frequencies and percentage.

Multiple regression analysis and correlation was conducted for Job Satisfaction as dependent variable, and Transformational, Transactional and Laissez faire as independent variables.

#### 4.1. Response rate

The total numbers of questionnaires distributed were 369 of which 340 were filled, returned, and used for analysis. Among the respondents, 32 were managers, team leaders and experts positions those with more than 0-14 number of sub-ordinates under their supervision) and 308 were ordinary employees at ETAG.

**Table 2** : response rate

Number of Questionnaire Returned	Target Number of Respondents	Response Rate (%)
340	369	92%

Source: Own Survey 2022

#### 4.2. Demographic Background of Respondents

In the table below, the frequencies and percentages of the study's demographic variables are provided and examined.

**Table 3: Gender of Respondents**

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	241	64.1	70.9	70.9
	Female	99	26.3	29.1	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

Table 4 shows that 241 (70.9%) of the total Ethiopian Airline respondents were male, whereas 99(29.1%) were female. As a result, the number of male respondents out numbers the number of female respondents. It is safe to assume that the majority of those who took part in the survey were men.

**Table 4 Age of respondents**

Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-40	311	82.7	91.5	91.5
	41-65	29	7.7	8.5	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

As indicated in Table 5 above, regarding the age distribution of the respondents, 311 (91.60%) and 29 (8.5%) fell in the 21-40 and 41-65 age range respectively. From the above data, it can be inferred that 80% of those who filled the questionnaire are between 21 and 40 years, thus this means that the respondents are mostly young a. Furthermore, the number of respondents above 41 years is low. The chance of being stable in one company and easily being satisfied with their job is less likely to happen for the young age group.

**Table 5 Educational Background**

Educational Background		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	6	1.6	1.8	1.8
	Degree	235	62.5	69.1	70.9
	Masters	99	26.3	29.1	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

As indicated in table 6 educational background of respondents shows six (1.8%), 235 (69.7%), and 99 (29.2%) have Diploma, BA/BSc Degree and MA/MSc Degree respectively. Therefore, the data shows that most of the respondents in Ethiopian airlines are BA/BSc Degree holders. The more educated employees are the more opportunities they get outside of the company; therefore, more effort might be needed to keep them satisfied.

**Table 6 : Department of respondents**

Department		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance	38	10.1	11.2	11.2
	Human resource	85	22.6	25.0	36.2
	IT and communication	36	9.6	10.6	46.8
	Procurement	41	10.9	12.1	58.8
	Marketing	140	37.2	41.2	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

Table 7 shows department of the respondent was 38 (11.2%), 85 (25%), 36 (10.6%), 41 (12.1%) and 140 (41.2%) were from Finance, Human resource, IT and Communication, Procurement and Marketing respectively.

**Table 7: Work experience of respondents**

Work experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3 year	73	19.4	21.5	21.5
	4-10 year	228	60.6	67.1	88.5
	more than 10 years	39	10.4	11.5	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

Table 8 shows that years of service, it was found out that 73 (21.5%) and 228(67.1%) fell in the 1-3 and 4-10 years' range respectively. The remaining 39 (11.5 percent) of the respondents have more than 10 years of experience. Those who stayed in the company longer are more likely satisfied when compared with those who have less year of service in the company. A high percentage of the respondents in Ethiopian airlines have less than 10 years' experience. Leaders in Ethiopian airlines might need work on making them stay longer by considering the factors of job satisfaction.

**Table 8: Job position**

Job position		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employee	308	81.9	90.6	90.6
	Management/Expert	32	8.5	9.4	100.0
	Total	340	90.4	100.0	
Missing	21	36	9.6		
Total		376	100.0		

Source: Own Survey 2022

With respect to job Position of respondents, Table 9 shows that 308 (90.6%) respondents are managerial while 32 (9.4%) are in the non-managerial position. Most of the respondents in Ethiopian Airlines are in the non-managerial job position. As position is high, benefits will also be higher therefore more satisfaction and the vice versa.

### 4.3. Descriptive Statistics of overall Leadership styles

The quantitative data was analyzed using descriptive statistics of mean and standard deviation to determine the perception of ETAG staff members on leadership styles. Table 10 depicts the three variables of the full range leadership theory, as well as a summary of the perceived leadership style. The Multifactor Leadership Questionnaire (MLQ) contains 36 questions, the Job Satisfaction Survey (JSS) includes 26 questions and all the dimensions of MLQ, and JSS were all coded and entered into the SPSS. The mean and standard deviations of the responses of respondents on dimensions of leadership styles and job satisfaction are presented as follow.

**Table 9 Descriptive Statistics for overall Leadership Styles**

Leadership Styles	N	Mean	Std. Deviation
Transformational Leadership Style	340	3.3463	.62771
Transactional Leadership Style	340	3.7519	.69878
Laissez Faire Leadership Style	340	3.7741	.65738

Source: Own Survey 2022

By computing, the mean scores show which style has been practiced as the prevailing leadership style by Ethiopian Airlines managers. As a result, transformational leadership received a mean score of 3.3463 and a standard deviation of 0.6271, Laissez Faire leadership style received a mean score of 3.7519 and a standard deviation of 0.65738, and Transactional leadership style received a mean score of 3.751 and a standard deviation of 0.698. As a result, given all three forms of leadership have approximately the same mean score, we may conclude that they are all applicable in Ethiopian Airlines and that no single leadership style is dominating.

#### 4.3.1 Descriptive Statistics of Transformational Leadership

By computing the mean scores, Table 11 shows transformational leadership style by Ethiopian Airlines employees. As a result, Individualized Consideration a mean score of 3.8229 and a standard deviation of 0.686, Intellectual Stimulation a mean score of 3.918 and a standard deviation of 0.404, Inspirational Motivation style received a mean score of

3.672 and a standard deviation of 0.445 and Idealized Influence has a mean score of 0.758 and standard deviation of 0.758.

**Table 10** Descriptive Statistics of Transformational Leadership

<b>Descriptive Statistics</b>					
	N	Min.	Max.	Mean	Std. Deviation
Individualized Consideration	340	1.67	4.83	3.8229	.68694
Intellectual Stimulation	340	2.71	4.71	3.9183	.40422
Inspirational Motivation	340	2.25	4.75	3.6728	.44554
Idealized Influence	340	1.33	5.00	3.5854	.75862
Valid N (listwise)	340				

Source: Own Survey 2022

#### **4.3.1.1 Descriptive Statistics of Individual Consideration**

By computing the mean scores, Table 12 shows transformational leadership style of individual consideration by Ethiopian Airlines employees. As a result, my team leader or manger spends time teaching and coaching has mean score of 3.88 and a standard deviation of 0.99. My team leader or manger treats me as an individual rather than just as a member of a group have a mean score of 3.91 and a standard deviation of 0.84. My team leader or manger considers me as having different needs, abilities, and aspirations from others has a mean score of 3.99 and a standard deviation of 0.896. My team leader or manger helps me to develop my strengths has a mean score of 3.80 and standard deviation of 1.09. The fifth question My team leader or manger get them to look at problems from many different angles has a mean of 3.79 and standard deviation of 1.12 and my team leader or manger acts in ways that builds my respect finally has a mean of 4.40 and standard deviation of 1.20 as displayed in table 12

**Table 11** Descriptive Statistics of Individual Consideration

<b>Descriptive Statistics</b>					
	N	Min.	Max.	Mean	Std. Deviation
1. My team leader or manager spends time teaching and coaching	340	1.00	5.00	3.3821	.99881
2. My team leader or manager treats me as an individual rather than just as a member of a group	340	1.00	5.00	3.9133	.84575
3. My team leader or manager Considers me as having different needs, abilities, and aspirations from others.	340	1.00	5.00	3.9946	.89684
4. My team leader or manager helps me to develop my strengths	340	1.00	5.00	3.8076	1.09760
5. My team leader or manager get me to look at problems from many different angles	340	1.00	5.00	3.7995	1.12429
6. My team leader or manager acts in ways that builds my respect	340	1.00	5.00	4.0407	1.20053
Valid N (listwise)	340				

Source: Own Survey 2022

#### **4.3.1.2 Descriptive Statistics of Intellectual Stimulation**

By computing the mean scores, shows transformational leadership style of intellectual stimulation by Ethiopian Airlines employees. As a result, my team leader or manger talk optimistically about the future has mean score of 3.54 and a standard deviation of 1.11. My team leader or manger talks enthusiastically about what needs to be accomplished a mean score of 3.95 and a standard deviation of 0.88 has. My team leader or manger articulates a compelling vision of the future has a mean score of 3.50 and a standard deviation of 1.07. My team leader or manger expresses confidence that goals will be achieved has a mean score of 4.12 and standard deviation of 0.82. The fifth question my team leader or manger re-examines critical assumptions to question whether they are appropriate has a mean of 4.20 and standard deviation of 0.64. The sixth question, my team leader or manger seek differing perspectives when solving problems has a mean of 3.94 and standard deviation of 0.89. Finally, the last question, my team leader or manger

Suggests new ways of looking at how to complete assignments has a mean of 4.15 and standard deviation of 1.08 as displayed in table 13 Table below.

**Table 12** Descriptive Statistics of Intellectual Stimulation

<b>Descriptive Statistics</b>					
	N	Min.	Max.	Mean	Std. Deviation
7. My team leader or manager talks optimistically about the future	340	1.00	5.00	3.5447	1.11012
8. My team leader or manager talks enthusiastically about what needs to be accomplished	340	1.00	5.00	3.9512	.88637
9. My team leader or manager articulates a compelling vision of the future	340	1.00	5.00	3.5176	1.07609
10. My team leader or manager expresses confidence that goals will be achieved	340	1.00	5.00	4.1220	.82671
11. My team leader or manager re-examines critical assumptions to question whether they are appropriate	340	1.00	5.00	4.2005	.64513
12. My team leader or manager seek differing perspectives when solving problems	340	1.00	5.00	3.9350	.89144
13. My team leader or manager suggests new ways of looking at how to complete assignments	340	1.00	5.00	4.1572	1.08207
Valid N (listwise)	340				

Source: Own Survey 2022

#### **4.3.1.3 Descriptive Statistics of Inspirational motivation**

By computing the mean scores, Table 14 shows transformational leadership style of inspirational motivation by Ethiopian Airlines employees. As a result, my team leader or managers consider the importance of having a collective sense of mission has mean score of 3.99 and a standard deviation of 0.85. My team leader or managers specify the importance of having a strong sense of purpose has a mean score of 4.31 and a standard

deviation of 0.82. My team leader or manager goes beyond self-interest for the good of the group a mean score of 3.69 and a standard deviation of 1.17. My team leader or manager display a sense of power and confidence has a mean score of 2.68 and standard deviation of 1.54.

**Table 13** Descriptive Statistics of Inspirational motivation

<b>Descriptive Statistics</b>					
	N	Mini	Max.	Mean	Std. Deviation
14. My team leader or manager consider the importance of having a collective sense of mission	340	1.00	5.00	3.9946	.85971
15. My team leader or manager specify the importance of having a strong sense of purpose	340	1.00	6.00	4.3144	.82675
16. My team leader or manager go beyond self-interest for the good of the group	340	1.00	5.00	3.6965	1.17954
17. My team leader or manager display a sense of power and confidence	340	1.00	5.00	2.6856	1.54246
Valid N (listwise)	340				

Source: Own Survey 2022

#### **4.3.1.4 Descriptive Statistics of Idealized influence**

By computing the mean scores, Table15 shows transformational leadership style of Idealized influence by Ethiopian Airlines employees. As a result, my team leader or manager instills pride in me for being associated with him/her has mean score of 3.54 and a standard deviation of 1.14. My team leader Talk about their most important values and beliefs has a mean score of 3.09 and a standard deviation of 1.16. My team leader considers the moral and an ethical consequence of decisions has a mean score of 4.19 and a standard deviation of 0.84.

**Table 14:** Descriptive Statistics of Idealized influence

<b>Descriptive Statistics</b>					
	N	Min.	Max.	Mean	Std. Deviation
18. My team leader or manager instills pride in me for being associated with him/her	340	1.00	5.00	3.5420	1.14872
19. My team leader or manager talk about their most important values and beliefs	340	1.00	5.00	3.0190	1.16197
20. My team leader or manager considers the moral and ethical consequences of decisions	340	1.00	5.00	4.1951	.84370
Valid N (listwise)	340				

Source: Own Survey 2022

#### 4.3.2 Descriptive statics of Transactional leadership

By computing the mean scores, Table 16 shows transactional leadership style influence by Ethiopian Airlines employees. As a result, Contingent Reward has mean score of 3.26 and a standard deviation of 0.50, Active Management by Exception has a mean of 2.38 and standard deviation of 0.40, and the remaining Passive Management by Exception has a mean of 3.62 and standard deviation of 0.64.

**Table 15** Descriptive Statistics of Transactional leadership

<b>Descriptive Statistics</b>					
	N	Min.	Max.	Mean	Std. Deviation
Contingent Reward	340	2.50	4.50	3.2656	.50162
Active Management by Exception	340	1.75	5.25	2.3882	.40236
Passive Management by Exception	340	2.25	4.75	3.6226	.64719
Valid N (listwise)	340				

Source: Own Survey 2022

##### 4.3.2.1 Contingent Reward

By computing the mean scores, Table 17 shows transactional leadership style of contingent reward by Ethiopian Airlines managers. As a result, my team leader or manger provides me with assistance in exchange for my efforts have mean score of 3.39 and a standard deviation of 0.80. My team leader or manger discuss in specific terms who is responsible for achieving performance targets has a mean score of 3.55 and a standard

deviation of 1.02. My team leader make clear what one can expect to receive when performance goals are achieved has a mean score of 3.93 and a standard deviation of 0.74.

**Table 16** Descriptive Statistics of Contingent Reward

Descriptive Statistics	N	Min	Max	Mean	Std. Deviation
21. My team leader or manger provides My team leader me with assistance in exchange for my efforts	340	1.00	5.00	3.3957	.80121
22. My team leader or manger discuss in specific terms who is responsible for achieving performance targets	340	2.00	5.00	3.5556	1.02564
23. My team leader or manger make clear what one can expect to receive when performance goals are achieved	340	2.00	5.00	3.9322	.74328
Valid N (listwise)	340				

Source: Own Survey 2022

#### 4.3.2.2 Active Management by Exception

By computing the mean scores, Table 18 shows transactional leadership style of active management by exception by Ethiopian Airlines employees. As a result, my team leader or manger focus attention on irregularities, mistakes, exceptions, and deviations from standards has mean score of 2.2575 and a standard deviation 8.4142. My team leader or manger expresses satisfaction when team meets expectations has mean score of 3.04 and a standard deviation of 0.85. My team leader or manger directs my team's attention toward failures to meet standards has a mean score of 3.66 and a standard deviation of 1.10. My team leader or manger concentrates his/her full attention on dealing with mistakes, complaints, and failures has a mean score of 4.30 and a standard deviation of 0.86. My team leader or manger keep track of all mistakes team a mean score of 3.48 and standard deviation of 1.09.

**Table 17** Descriptive Statistics of Active Management by Exception

<b>Descriptive Statistics</b>	<b>N</b>	<b>Min.</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
24. My team leader or manager focus attention on irregularities, mistakes, exceptions, and deviations from standards	340	1.00	4.00	2.2575	.84142
25. My team leader or manager expresses satisfaction when team meet expectations	340	2.00	5.00	3.0407	.85082
26. My team leader or manager direct my teams attention toward failures to meet standards	340	1.00	5.00	3.6612	1.10907
27. My team leader or manager concentrate on his/her full attention on dealing with mistakes, complaints, and failures	340	2.00	5.00	4.3035	.86289
28. My team leader or manager keep track of all mistakes of team	340	1.00	5.00	3.4851	1.09367
Valid N (listwise)	340				

Source: Own Survey 2022

#### **4.3.2.3 Passive Management by Exception**

By computing the mean scores, Table 19 shows transactional leadership style of management by exception passive by Ethiopian Airlines employees. As a result, my team leader or manger wait for things to go wrong before taking action has mean score of 2.1789 and standard deviation of .92987. My team leader or manger demonstrates that problems must become chronic before taking action has mean score of 2.49 and a standard deviation of 1.30. My team leader or manger fail to interfere until problems become serious has a mean score of 1.56 and a standard deviation of 0.93. My team leader or manger show that I am a firm believer in “If it isn’t broke, don’t fix it” has a mean score of 3.23 and standard deviation of 1.17.

**Table 18** Descriptive Statistics of Passive management by exception

<b>Descriptive Statistics</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Deviation</b>
29. My team leader or manager wait for things to go wrong before taking action	340	1.00	4.00	2.1789	.92987
30. My team leader or manager demonstrate that problems must become chronic before taking action	340	1.00	5.00	2.4932	1.30658
31. My team leader or manager fail to interfere until problems become serious	340	1.00	13.00	1.5664	.93632
32. My team leader or manager show that I am a firm believer in “If it isn’t broke, don’t fix it”	340	1.00	5.00	3.2358	1.17548
Valid N (listwise)	340				

Source: Own Survey 2022

### 4.3.3 Laissez-Faire Leadership

By computing the mean scores, Table 20 shows Laissez-fair leadership style management by exception by Ethiopian Airlines employees. As a result, my team leader or manger avoid getting involved when important issues arise has mean score of 2.57 and a standard deviation of 1.22. My team leader or manger am absent when needed has a mean score of 2.34 and a standard deviation of 1.26. My team leader or manger avoid making decisions has a mean score of 3.06 and a standard deviation of 1.12. My team leader or manger delay responding to urgent questions has a mean score of 2.73 and standard deviation of 1.31

**Table 19** Descriptive Statistics of Laissez-Faire Leadership

<b>Descriptive Statistics</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Deviation</b>
33. My team leader or manager avoid getting involved when important issues arise	340	1.00	5.00	2.5176	1.22711
34. My team leader or manager is absent when needed	340	1.00	5.00	2.3144	1.26355
35. My team leader or manager avoid making decisions	340	1.00	5.00	3.0678	1.12688
36. My team leader or manager delay responding to urgent questions	340	1.00	5.00	2.7317	1.31095
Valid N (listwise)	340				

Source: Own Survey 2022

#### 4.2.3 Descriptive Statistics of overall Job Satisfaction

Job satisfaction indicators are subjected to descriptive analysis using mean and standard deviation. The job satisfaction indicators for ETAG employees are measured in terms of Nature of Work, Coworkers, Pay, Benefits, Supervision, and Promotion in this study. The response was given using a Likert scale that spanned from strongly agree to strongly disagree and was based on the respondent's level of agreement.

**Table 20** Descriptive Statistics of Overall Job Satisfaction

<b>Descriptive Statistics</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
General working condition	340	1.20	4.80	3.1353	.64047
Pay promotion	340	1.00	4.83	3.0495	.63989
Work relationship	340	2.00	5.00	3.3076	.55052
use of skill and abilities	340	1.20	4.80	3.0400	.56760
work activities	340	1.60	4.80	2.8506	.62099
Valid N (listwise)	340				

Source: Own Survey 2022

According to the table above, Ethiopian airlines, employees have a higher quality relationship with their coworkers, with a mean value of 3.756. Ethiopian Airlines employees are moderately content with their nature of work and supervisory practice with mean values of 3.482 and 3.458, respectively. Promotion has a mean value of 2.678, indicating that Ethiopian airline employees are less satisfied with their career progress internally. Ethiopian Airlines employees are unsatisfied with their benefits, which have a mean value of 2.234, and with their salary, which has a mean value of 2.348.

### 4.3 Correlation Analysis

According to Zaid (2015) Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases.

It is possible to examine the correlation between all dimensions of the independent variables of transactional, Laissez faire leadership and transformational leadership with the dependent variable job satisfaction. Correlation analysis, according to Barth (1999), is an effective method of utilizing the relationship (association) between variables. The coefficient (r) has a value ranging from -1 to +1. The value of the coefficient of correlation (r) reflects the relationship's strength and direction. There is a fully negative correlation between the variables if  $r = -1$ . There is no association between the variables if  $r = 0$ , and there is a fully positive relationship if  $r = 1$ . Different authors have given different interpretations with minor differences for values of r between + and 0 or between 0 and -1. For the purpose of this study, dictation rule given by Bartz (1999) is used to measure strength of association among the variables as follows:

**Table 21** Association strength measure of variables

<b>Correlation strength</b>	<b>Positive values</b>	<b>Negative values</b>
Small	r= 0.10 to 0.29	r= -0.10 to -0.29
Medium	r=0.30 to 0.49	r= -0.30 to -0.49
Large	r=0.50 to 1	r= -0.50 to -1

Source Elifaelaf Daniel (2021)

**Table 22** Correlation analysis transformational leadership and Job Satisfaction

<b>Correlations</b>		Transformational leadership	transactional leadership	Lassie fair	Jobs satisfaction
Transformational leadership	Pearson Correlation				
	Sig. (2-tailed)				
Transactional leadership	Pearson Correlation	.324 <sup>**</sup>			
	Sig. (2-tailed)	.000			
Lassie fair	Pearson Correlation	-.055	.566 <sup>**</sup>		
	Sig. (2-tailed)	.311	.000		
Jobs satisfaction	Pearson Correlation	.203 <sup>**</sup>	.214 <sup>**</sup>	.112 <sup>*</sup>	
	Sig. (2-tailed)	.000	.000	.039	
** . Correlation is significant at the 0.01 level (2-tailed).					
* . Correlation is significant at the 0.05 level (2-tailed).					

Source: Pearson Correlation Results from own survey data

According to the researcher data, the co-relation matrix above shows that the relationship between the three leadership styles transformational leadership transactional, lassie fair, and job satisfaction. Transformational leadership has positive with transactional and negative correlation with lassie fair leadership. The second variable transactional leadership has positive correlation with transformational leadership style ( $r=0.324$ ) and higher correlation coefficient with lassie fair( $r=0.566$ ).The other dependent variable lassie fair leadership style have negative correlation with transformational leadership style ( $r= -0.55$ ) and very higher ( $r=0.566$ ) correlation with transactional leadership style.

The other variable Employee satisfaction has a small but positive correlation coefficient with transformational, transactional, and lassie fair leadership styles ranging from  $r=0.203$ ,  $0.214$  and  $0.112$ .which shows that there is a positive relationship among the dependent and independent variables. The smallness of the correlation coefficients indicates that

ETAG employee's satisfaction is not only determined by leadership style but there might be other factors.

#### 4.4 Multiple Regression Analysis

According to it is a technique used to describe relationships among variables. The key benefits of using regression analysis are to indicate if independent variables have a significant relationship with a dependent variable, point out the relative strength of different independent variable effects on the dependent variable and make predictions Elifaelaf Daniel (2021).

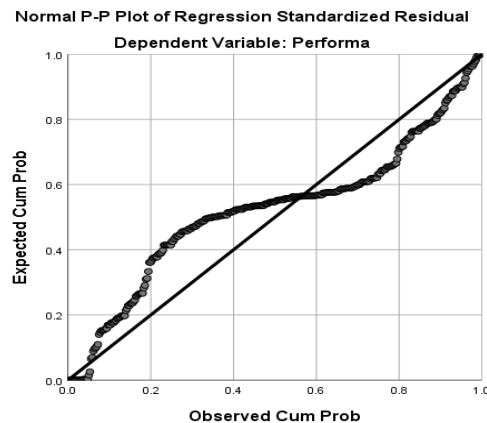
##### 4.4.1 Assumption undelaying regression analysis / Diagnostic Testing

Proceeding to showing a multiple regression analysis, the basic assumption tests for the model necessity be carried out. Five major assumptions namely, normality distribution test, linearity, multicollinearity, homoscedacity and autocorrelation must be checked and verified to be met reasonably well.

##### 4.3.1.1 Testing for Linearity

The linearity of associations between the dependent and independent variables can be tested by looking at the Predicted Probability (P-P) plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exists linear relationship between the dependent and independent variables.

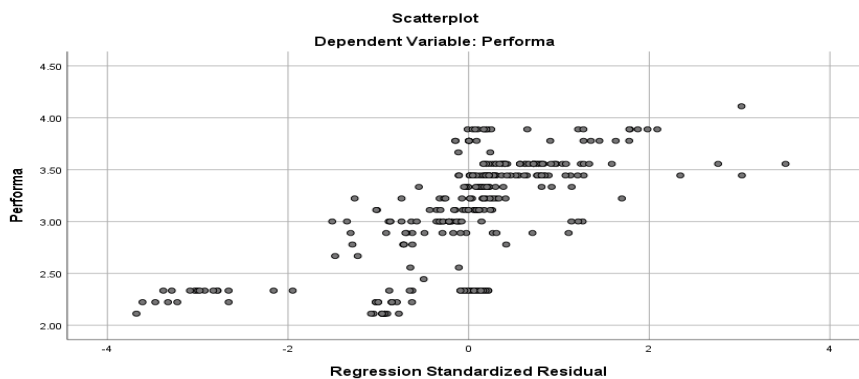
**Figure 2: Linearity plot**



### 4.3.1.2 Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in Fig below shows that the standardized residuals in this research are distributed evenly which shows that no violation of homoscedasticity.

**Figure 3 Testing for Heteroscedasticity**



### 4.3.1.3 Testing for Autocorrelation

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently Stevens (2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the Durbin-Watson value needs to be close to 2 (Field, 2006). Values below 1 and above 3 are problematic and causes for concern. To check this assumption, we need to look at the Model Summary box presented below.

**Table 23** Testing for autocorrelation

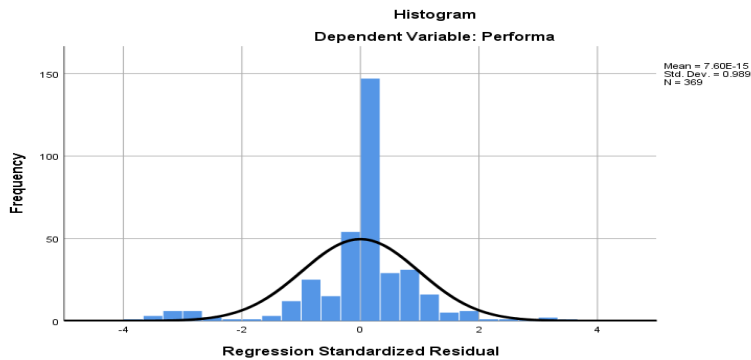
Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.813 <sup>a</sup>	.661	.653	.31907	1.881
a. Predictors: (Constant), Laissez faire leadership, Idealized influence , Active Management by exception , Intellectual Stimulation, Passive Management by exception , Inspirational motivation, Contingent reward, Individualized consideration					

As the table above reveals, that errors are responding independently, and autocorrelation is not a concern with the Durbin-Watson value of 1.881. Therefore, it is possible to say the auto-correlation test has been met.

**4.3.1.4 Normality**

Normality enables the researcher to understand the distribution of any value of dependent variable in relation to the independent variables in the model. Therefore, Normality test is applied in order to know the error term distribution is normal.

**Figure 4: Testing for Normality**



**4.3.1.5 Multi-collinearity Test**

Multi-collinearity exists whenever an independent variable is highly correlated with one or more of the other independent variables in a multiple regression equation. It is a problem because it under mines the statically significance of an independent variable. For this study, Results of the multi-collinearity test of the dependent variables are displayed in the following table.

Table 24 Multi-collinearity test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Individualized consideration	.471	2.122
	Intellectual Stimulation	.690	1.449
	Inspirational motivation	.680	1.470
	Idealized influence	.566	1.767
	Contingent reward	.543	1.842
	Active Management by exception	.973	1.028
	Passive Management by exception	.744	1.344
	Laissez faire leadership	.494	2.026

The variation inflation factor (VIF) is a measure of the reciprocal of the complement of the inter-correlation among the independent variables. The decision rule is a variable whose VIF value is greater than 10 indicates the possible existence of the multi collinearity problem. Tolerance is a statistic used to show the variability of the specified independent variable that is not explained by another independent variable in the model. It is also used by many researchers to check on the degree of Collinearity. The decision rule for tolerance is a variable whose tolerance value is less than 0.1 shows the possible existence of a multi-collinearity problem (Gujarati, 2004). From the above table information, all VIF variables are less than 10 and all tolerance is greater than 0.1, therefore, this study has no multi-collinearity problem.

#### 4.4.2 Model Summary and Multiple Regression Analysis

Regression is a statistical technique for examining the impact of one or more predictor factors on an outcome variable. That is, it enables us to express how effectively one or more independent variables will predict the value of the dependent variable. Regression analysis is used to show the effect of the independent variable on the dependent variable.

**Table 25** Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.813 <sup>a</sup>	.661	.653	.31907
a. Predictors: (Constant), Laissez faire leadership, Idealized influence , Active Management by exception , Intellectual Stimulation, Passive Management by exception , Inspirational motivation, Contingent reward, Individualized consideration				

The R Square coefficient of determination is a major outcome of regression analysis. It's defined as the fraction of the dependent variable's variation that can be predicted by the independent variable. The dependent variable cannot be predicted from the independent variable if the R square is zero. The dependent variable can be predicted without error from the independent variable if the R square is 1. The extent to which the dependent variable is predictable is indicated by a R square between 0 and 1. By 65.3 percent, the independent variable can predict the dependent variable (the adjusted R square). The remaining percent indicate that job satisfaction is predicted by other factors other than these eight leadership styles.

**Table 26** ANOVA result

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.410	8	8.926	87.680	.000 <sup>b</sup>
	Residual	36.650	360	.102		
	Total	108.060	368			
a. Dependent Variable: Job Satisfaction						
b. Predictors: (Constant), Predictors: (Constant), Laissez faire leadership, Idealized influence , Active Management by exception , Intellectual Stimulation, Passive Management by exception , Inspirational motivation, Contingent reward, Individualized consideration						

The ANOVA table can answer the question, "Is the model significant?" The model is significant since Sig. is (0.000) and p0.05 in the preceding table.

**Table 27** Regression Result

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.46	0.31		1.46	0.145
	Individualized consideration	0.16	0.03	0.20	4.55	0.000
	Intellectual Stimulation	0.78	0.05	0.76	15.60	0.000
	Inspirational motivation	0.67	0.04	0.62	15.03	0.000
	Idealized influence	0.03	0.02	0.04	1.05	0.294
	Contingent reward	0.22	0.04	0.21	5.06	0.000
	Active Management by exception	0.68	0.04	0.67	17.00	0.000
	Passive Management by exception	-0.50	0.03	-0.59	-16.72	0.000
	Laissez faire leadership	-0.27	0.02	-0.40	-9.32	0.000

a. Dependent Variable: Job Satisfaction

#### 4.4. Hypothesis Testing

On chapter two, we have discussed and developed hypotheses by the researcher showing relationship between the independent variables (transformational, transactional and laissez faire leadership styles and (Job Satisfaction). Based on the beta and p value, the mentioned hypotheses are tested and the results are discussed below.

**Hypothesis 1:**-states that there is positive and significant relationship between transformational leadership style and job satisfaction.

According to the findings, Individualized consideration has a greater impact on employee job satisfaction. The standardized coefficient (Beta= 0.20) indicates that individualized consideration has a greater favorable impact on employee satisfaction. In other words, when individualized consideration is applied, employee job satisfaction rises by 20 percent. Because  $p < 0.05$ , individualized consideration has a p value of 0.00, indicating that it has a significant effect on job satisfaction.

Like Individualized consideration intellectual stimulation has a greater impact on employee job satisfaction. The standardized coefficient (Beta= 0.76) indicates that intellectual stimulation has a greater favorable impact on employee satisfaction. In other

words, when intellectual stimulation is applied, employee job satisfaction rises by 76 percent. Because  $p < 0.05$ , intellectual stimulation has a p value of 0.00, indicating that it has a significant effect on job satisfaction.

As indicated in Table above, inspirational motivation, standardized coefficient (Beta=.62,  $p = 0.00$ ) indicates that inspirational motivation has a significant impact on employee job satisfaction. Employees who are happy in their jobs and are encouraged to succeed by their employers will try to improve job processes.

Research hypothesis one sought to establish the effect of idealized influence on employee's job satisfaction in the case of Ethiopian Airlines. In reference to the coefficients table, the study established a weak positive relationship ( $\beta = 0.04$ ;  $p > 0.05$ ). The statistical level of significance for this variable between idealized influence and employees job satisfaction of Ethiopian airlines is  $p = 0.294$  which is greater than  $p = 0.05$ . As a result, we failed to reject the null hypothesis and the alternate hypothesis was rejected. Because of this, there was a weak positive relationship between idealized influence and employees job satisfaction, which is statistically insignificant even at 10 percent level of significance. So idealized influence has no effect on job satisfaction.

**Hypothesis 2:-**states that there is positive and significant relationship between transactional leadership style and job satisfaction.

Research hypothesis one sought to establish the effect of contingent reward on job satisfaction in the case of Ethiopian Airlines. In reference to the coefficients table, the study established a strong positive relationship ( $\beta = 0.21$ ;  $p < 0.05$ ). The statistical level of significance for this variable between contingent reward and employees job satisfaction of Ethiopian Airlines is  $p = 0.00$  which is less than  $p = 0.05$ . As a result, the null hypothesis is accepted and the alternate hypothesis was rejected. Because of this, there is a strong positive relationship between contingent reward and job satisfaction, which is statistically significant even at 1 percent level of significance.

Research hypothesis one sought to establish the effect of active management by exception on job satisfaction in the case of Ethiopian Airlines. In reference to the coefficients table, the study established a strong positive relationship ( $\beta = 0.67$ ;  $p < 0.05$ ). The statistical level of significance for this variable between active management by

exception and employees job satisfaction of Ethiopian Airlines is  $p= 0.00$  which is less than  $p= 0.05$ . As a result, the null hypothesis accepted and the alternate hypothesis rejected. Because of this, there is a strong positive relationship between active management by exception and job satisfaction, which is statistically significant even at 1 percent level of significance. Generally, active management by exception has a positive and direct effect on job satisfaction

Research hypothesis passive Management by exception has a greater impact on employee job satisfaction. The standardized coefficient (Beta= -0.59) indicates that Passive Management by exception has a greater distraction impact on employee satisfaction. In other words, when passive management by exception is applied, employee job satisfaction declines by 59 percent. Because  $p<0.05$ , individualized consideration has a p value of 0.00, indicating that it has a significant effect on job satisfaction.

**Hypothesis 3:**-states that there is negative and significant relationship between laissez faire leadership style and job satisfaction.

Finally, the standardized coefficient (Beta= -0.27) shows that laissez-faire leadership has a negative impact on satisfaction. Because  $p<0.05$ , laissez faire leadership has a p value of 0.00, indicating that it has a negative impact in reducing job satisfaction. Hence, null hypothesis is accepted and alternative hypothesis rejected.

**Table 28 Summary of hypothesis testing**

No.	Hypothesis	Tool	Result
<b>Ha<sub>1</sub></b>	There is positive and significant relationship between individualized consideration and job satisfaction.	Inferential Regression	<b>Accepted</b>
<b>Ha<sub>2</sub></b>	There is positive and significant relationship between intellectual stimulation and job satisfaction.	Inferential Regression	<b>Accepted</b>
<b>Ha<sub>3</sub></b>	There is positive and significant relationship between inspirational motivation and job satisfaction.	Descriptive analysis	<b>Accepted</b>
<b>Ha<sub>4</sub></b>	There is positive and significant relationship between idealized influence and job satisfaction.	Inferential Regression	<b>Accepted</b>
<b>Ha<sub>5</sub></b>	There is positive and significant relationship between contingent reward and job satisfaction.	Inferential Regression	<b>Accepted</b>

<b>Ha<sub>6</sub></b>	There is positive and significant relationship between active management by exception and job satisfaction.	Inferential Regression	<b>Accepted</b>
<b>Ha<sub>7</sub></b>	There is positive and significant relationship between passive management by exception and job satisfaction.	Descriptive analysis	<b>Rejected</b>
<b>Ha<sub>8</sub></b>	There is positive and significant relationship between laissez-faire and job satisfaction.	Inferential Regression	<b>Rejected</b>

Source: own survey

In addition to this, by using the results of the above table that is the multi collinearity test coefficients, the following regression equation was formulated for this study and tries to show the effects of independent variables and the dependent variable. Depending on the equation formula proposed by researcher, in chapter three: and taking the result from table 27.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + e$$

$$Y = .46 + (.0.2)X_1 + (.0.76)X_2 + (.0.62)X_3 + (.04)X_4 + 0.21x_5 + 0.67x_6 + (-0.59x_7 + (-0.4x_8 + e$$

Where,

- ✓ **Y** is the dependent variable (Job satisfaction)
- ✓  **$\beta_0$**  y intercept when the estimated value of independent variables are zero
- ✓  **$\beta_1$**  is the estimated effect of intellectual consideration on job satisfaction
- ✓  **$\beta_2$**  is the estimated effect of intellectual simulation on job satisfaction
- ✓  **$\beta_3$**  is the estimated effect of inspirational motivation on job satisfaction
- ✓  **$\beta_4$**  is the estimated effect of idealized influence on job satisfaction
- ✓  **$\beta_5$**  is the estimated effect of continent reward on job satisfaction
- ✓  **$\beta_6$**  is the estimated effect of management by exception active on job satisfaction
- ✓  **$\beta_7$**  is the estimated effect of management by exception passive on job satisfaction
- ✓  **$\beta_8$**  is the estimated effect of lassie fair on job satisfaction.

## CHAPTER FIVE

### 5. Summary of Finding, conclusion and Recommendation

The main objective of the study is to determine the effect of leadership styles on employee's job satisfaction in Ethiopian airlines employees. Based on the objective the study examines.

- ✓ The effect of a transformational leadership style on job satisfaction
- ✓ The effect of a transactional leadership style on job satisfaction
- ✓ The effect of a laissez-faire leadership style on job satisfaction
- ✓ Determine current leadership style that Ethiopian Airlines is following

#### 5.1 Summary of the finding

The objective of the study was to see how leadership styles affected employee job satisfaction at Ethiopian airlines. It was also looking to see if there was a link between leadership styles and job satisfaction.

From the demographic table, 241 (70.9%) of the total Ethiopian Airline respondents were male, whereas 99 (29.1%) were female. With respect to job Position of respondents, that 32 (9.40%) respondents are managerial while 308 (90.50%) are in the non-managerial position. Regarding the age distribution of the respondents, 311 (91.50%) and 29 (8.50%) fell in the 21-40 and 41-65 age range respectively. Educational background of respondents shows 6 (1.6%), 235 (69.1%), and 99(29.2%) have Certificate or Diploma, BA/BSc Degree and MA/MSc Degree respectively. Therefore, the data shows that most of the respondents in Ethiopian airlines are BA/BSc Degree holders. The more educated employees are the more opportunities they get outside of the company; therefore, more effort might be needed to keep them satisfied. In relation to years of service, it was found out that 73 (11.5%) and 228 (67.1%) fell in the 1-3 and 4-10 years' range respectively. The remaining 39 (11.5 percent) of the respondents have more than 10 years of experience. Regarding the department, it was found that 38 (11.2%), 85 (25%), 36 (10.6%), 41(12.1%) and 140(41.2%) were from Finance, Human resource, IT and Communication, Procurement and Marketing respectively.

According to the findings, Individualized consideration has a greater impact on employee job satisfaction. The standardized coefficient (Beta= 0.20) indicates that individualized consideration has a greater favorable impact on employee satisfaction. Like Individualized consideration intellectual stimulation has a greater impact on employee job satisfaction. The standardized coefficient (Beta= 0.76) indicates that intellectual stimulation has a greater favorable impact on employee satisfaction. Inspirational motivation, standardized coefficient (Beta=.62,  $p = 0.00$ ) indicates that inspirational motivation has a significant impact on employee job satisfaction. Employees who are happy in their jobs and are encouraged to succeed by their employers will try to improve job processes. In reference to the coefficients table, the study established a weak positive relationship ( $\beta= 0.04$ ;  $p>0.05$ ). The statistical level of significance for this variable between idealized influence and employees job satisfaction of Ethiopian airlines is  $p= 0.294$  which is greater than  $p= 0.05$ . The statistical level of significance for this variable between contingent reward and employees job satisfaction of Ethiopian Airlines is  $p= 0.00$  which is less than  $p= 0.05$ . As a result, the null hypothesis has failed to accept and the alternate hypothesis was accepted. Because of this, there is a strong positive relationship between contingent reward and job satisfaction. In reference to the coefficients table, the study established a strong positive relationship ( $\beta= 0.67$ ;  $p<0.05$ ). The statistical level of significance for this variable between active management by exception and employees job satisfaction of Ethiopian Airlines is  $p= 0.00$  which is less than  $p= 0.05$ . Passive Management by exception has a greater impact on employee job satisfaction. The standardized coefficient (Beta= -0.59) indicates that Passive Management by exception has a greater distraction impact on employee satisfaction. Finally, the standardized coefficient (Beta= -0.27) shows that laissez-faire leadership has a negative impact on satisfaction.

## **5.2 CONCLUSION**

Based on the empirical result discussed in chapter four, it is concluding that Laissez faire leadership, Active Management by exception, Intellectual Stimulation, Passive Management by exception, Inspirational motivation, Contingent reward, and Individualized consideration have statistically significant impact on job satisfaction in the case of Ethiopian Airlines. From these variable, Active Management by exception,

Intellectual Stimulation, Inspirational motivation, Contingent reward, Individualized consideration have a significant and positive effect on job satisfaction. In addition, Passive Management by exception and Laissez faire leadership has a negative impact on job satisfaction of Ethiopian airlines employees. The remaining variable Idealized influence has no impact on job satisfaction of Ethiopian airlines employees. Similarly result found by (Saleem, 2015) show that transformational leadership has a positive association with job satisfaction. In addition, a negative association between transactional leadership and job satisfaction is found which means that this leader is more concerned with achieving organizational goals through giving rewards or punishments and has less concern with the motivation of the members of an organization. (Ushie, Agba, Agba& chime, 2010) had also revealed that Employees are more satisfied under democratic leadership than under autocratic or laissez-faire styles, which is the same result as with this study. The research conducted by Elfalaf Daniel, (2021) also found there is a positive relationship between idealized attributes, idealized behavior, intellectual stimulation, inspirational motivation, management by exception (Active), and job satisfaction. In addition, management by exception (passive) and laissez-faire have a negative relationship with job satisfaction.

### **5.3 Recommendations**

Based on the outcomes of this study, the researcher suggests the following points to Ethiopian Airlines in terms of leadership style transactional, transformational and liaison fair and employees job satisfaction.

- According to the finding of the research, Ethiopian airlines follow transformational, transactional and laissez faire leadership styles to some extent. Thus, Ethiopian airlines should follow choosing specific leadership style that positive impact on job satisfaction.
- Among the variables idealized influence has insignificant impact on job satisfaction hence the company should work towards creating individualized influence to inspire employee's job satisfaction.
- As the proposed predicting variables significantly affects employee job satisfaction ETAG should give high emphasis to these factors.

- Transformational leadership style should be applied properly as it has mostly positive and significant relationship with job satisfaction.
- Management by exception active and laissez faire leadership styles should be avoided as they have highly negative impact on job satisfaction.
- According to the findings of the study, the majorities of Ethiopian Airlines staff are young and have little experience. As a result, Ethiopian should engage people from the moment they are hired by inspiring, involving, and encouraging them to advance ideas that will benefit the firm and employees will have positive perception for the organization there by satisfaction level improved.
- Pay and benefits, and work activities are the factors that Ethiopian employees are least satisfied with, according to the data. As human resource satisfaction is such an important determinant in organizational success, Ethiopian Airlines executives should focus on improving these factors.
- Employees are not satisfied with the benefits (health insurance, life insurance etc.)
- Therefore, ETAG should work more on providing competitive pay and benefits by assessing the market as its operating in international market. According to the

#### **5.4 Implication for future studies**

- ✓ This research can be used as a basis for further research in other similar airlines in the industry.
- ✓ Same research can be conducted in the future in Ethiopian airlines too fill the gap of this research.
- ✓ Further research can also be conducted on job satisfaction of employees of Ethiopian airlines and other competitor airlines employees in comparison

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# Appendix



**FACULTY OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**MASTERS OF BUSINESS ADMINISTRATION**

Dear, respondents

My name is Rahel Alayu and I am conducting a study entitled, "The effect of leadership styles on employees' job satisfaction in Ethiopian Airlines Group" to fill the requirement for the completion of Master program in Masters of Business Administration (MBA).

The aim of this study is to examine the impact of leadership style on employees job satisfaction and any information obtained regarding with this study will be used for academic purpose only and remain strictly confidential and not to be shared to any of your organization's administrators, supervisors or employees. Your participation is greatly appreciated.

Thank you in advance for your assistance