



**COLLEGE OF BUSINESS AND ECONOMICS**

**MASTER OF BUSINESS ADMINISTRATION**

**THE EFFECTS OF LEADERSHIP STYLES ON EMPLOYEES JOB  
SATISFACTION (THE CASE OF THE MOTOR AND ENGINEERING  
COMPANY OF ETHIOPIA)**

*A Thesis submitted to Addis Ababa University College of Business and  
Economics Master of Business Administration for a Partial Fulfillment of  
Requirements for a Master of Arts Degree in Business Administration*

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May 2023

Addis Ababa, Ethiopia

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## LETTER OF CERTIFICATION

I hereby certify that LEYUWORK ENIYEW has carried out her project work on the topic of **The Effects of Leadership Styles on Employees' Job Satisfaction (The Case of the Motor and Engineering Company of Ethiopia)** under my supervision. This work is original, and it is suitable for Submission in partial fulfillment of the requirement for the award of a Master's Arts Degree in Business Administration.

Advisor: Dr. ABERA L.

Signature: \_\_\_\_\_

Date : \_\_\_\_\_

## **DECLARATION**

I, the undersigned, declare that this Master's thesis paper, entitled 'The Effects of Leadership Styles on Employees Job Satisfaction (The Case of the Motor and Engineering Company of Ethiopia) is my original work, prepared under the guidance of Dr. ABERA L. All sources of materials used for the thesis paper has not been submitted either in part or in full to any other high learning institution for earning degree.

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**The Effects of Leadership Styles on Employees Job Satisfaction  
(The Case of the Motor and Engineering Company of Ethiopia)**

By: **LEYUWORK ENIYEW**

Advisor: **Dr. ABERA LEGESSE**

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# Contents

<b>CHAPTER ONE</b> .....	2
<b>INTRODUCTION</b> .....	2
<b>1.1. Background of the Study</b> .....	2
<b>1.2. Background of the Organization</b> .....	4
<b>1.3. Statement of the Problem</b> .....	4
<b>1.4. Research Questions</b> .....	7
<b>1.5. Objectives of the Study</b> .....	7
<b>1.5.1 General Objectives</b> .....	7
<b>1.5.2 Specific Objectives</b> .....	7
<b>1.6. Significance of the Study</b> .....	8
<b>1.7. Scope of the Study</b> .....	8
<b>1.8. Limitation of the Study</b> .....	8
<b>1.9. Organization of the study</b> .....	9
<b>1.10. Operational Definition of Terms</b> .....	9
<b>CHAPTER TWO</b> .....	12
<b>2. LITERATURE RELATED REVIEW</b> .....	<b>Error! Bookmark not defined.</b>
<b>2.1. Theoretical Literature</b> .....	12
<b>2.1.1. The concept of Leadership</b> .....	12
<b>2.1.2. Approaches to Leadership</b> .....	13
<b>2.1.3. Behavioral Theory</b> .....	14
<b>2.1.4. Trait Theory</b> .....	15

2.1.5.	<b>Theory X and Theory Y</b> .....	16
2.1.6.	<b>Leadership Styles</b> .....	17
2.1.7.	<b>Transformational Leadership Style</b> .....	18
2.1.8.	<b>Transactional Leadership</b> .....	19
2.1.9.	<b>Laissez Fair Leadership</b> .....	20
2.2.	<b>The Concept Job Satisfaction</b> .....	21
2.3.	<b>Measurement of Job Satisfaction</b> .....	22
2.4.	<b>Empirical Literature Review</b> .....	22
2.4.1.	<b>Leadership Styles and Job Satisfaction</b> .....	22
2.5.	<b>Conceptual Framework</b> .....	25
2.6.	<b>Hypothesis</b> .....	26
<b>CHAPTER THREE</b> .....		28
3.	<b>RESEARCH METHODOLOGY</b> .....	28
3.1.	<b>Research Approach</b> .....	28
3.2.	<b>Research Design</b> .....	28
3.3.	<b>Population and Sample</b> .....	29
3.3.1.	<b>Population</b> .....	29
3.3.2.	<b>Sample Design</b> .....	29
3.3.3.	<b>Sample Size and Sample Size Determination</b> .....	29
3.3.4.	<b>Sampling Technique</b> .....	30
3.4.	<b>Data Collection</b> .....	31
3.4.1.	<b>Source of Data</b> .....	31
3.4.2.	<b>Data Collection Instruments</b> .....	31

<b>3.5. Data Processing</b> .....	32
<b>3.6. Methods of Data Analysis</b> .....	32
<b>3.6.1. Model Specification</b> .....	32
<b>3.7. Validity and Reliability</b> .....	33
<b>3.7.2. Reliability Analysis</b> .....	34
<b>3.8. Validity of the Instrument and Ethical Considerations</b> .....	34
<b>CHAPTER FOUR</b> .....	36
<b>4.1. Introduction</b> .....	36
<b>4.7. Descriptive Analysis</b> .....	36
<b>4.7.2. Demographic characteristics of Respondents</b> .....	36
<b>3.2. Test for Assumptions</b> .....	38
<b>3.2.1. Linearity Assumption Test</b> .....	38
<b>3.2.2. Normality Test</b> .....	39
<b>3.2.3. Kurtosis and skewness</b> .....	40
<b>3.2.6. Correlations Analysis Discussion</b> .....	42
<b>3.2.7. Test of Model Fitness</b> .....	43
<b>3.2.8. Model Summary</b> .....	44
<b>3.3. Regression Analysis of Determinant</b> .....	46
<b>3.3.1. Hypothesis Testing Results</b> .....	46
<b>5.1. Summary</b> .....	52
<b>5.2. Conclusion</b> .....	54
<b>5.4. Future Research Directions</b> .....	56
<b>References</b> .....	57

Appendices..... 67

**List of Tables**

**Table 3.1: Sample size ..... 30**

**Table 4. 1: Demographic characteristics of Respondents ..... 36**

**Table 4. 2: Reliability Analysis ..... Error! Bookmark not defined.**

**Table 4. 3: The ranking of the delay factors ..... Error! Bookmark not defined.**

**Table 4. 4: Kurtosis and skewness..... 40**

**Table 4. 5: Bartlett's Test of Sphericity ..... 41**

**Table 4. 6: Correlations Analysis Discussion ..... 42**

**Table 4. 7: ANOVA..... 43**

**Table 4. 8: Model Summary ..... Error! Bookmark not defined.**

**Table 4. 9: Regression Results Coefficients ..... 46**

## **Abstract**

*Leadership styles are the various approaches that leaders employ to carry out their roles and interact with their followers. The main objective of this study was to identify how leadership styles affect employee job satisfaction in the motor and engineering company of Ethiopia. The study adopted quantitative research approach with explanatory research design and multiple linear regression model analyses along with correlation data analysis method. The study utilized cross-sectional data collected from both the head office and main branch employees of MOENCO, with a total of 144 questionnaires analyzed using descriptive analysis. Further explanatory analysis through correlation and multiple linear regression analysis method was conducted, along with assumption tests. The study's major findings are transactional leadership style and transformational leadership style had a significant and positive effect on employee job satisfaction, while laissez-faire leadership styles had a negative and significant effect on employee job satisfaction. The study recommends that MOENCO leaders and other organizations should create a conducive work environment that fosters employee job satisfaction, clear expectations, support, and feedback, while encouraging innovation and creativity and avoiding micromanagement are vital for MOENCO success as a company. Furthermore, recognizing and rewarding good performance can serve as a motivation for employees and increase their job satisfaction.*

**Key Words:** Transactional, Transformational, Laissez Faire, Leadership styles

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. Background of the Study**

An organization is composed of two or more individuals who collaborate to achieve a common goal within established boundaries. In today's economy, human capital is increasingly important and is considered the most valuable asset in a business. Human resources are vital to both society and organizations, and effective management of financial resources depends on human resources. Employee satisfaction is essential for an organization to achieve its objectives (Shakil, et al, 2012).

Organizational success is believed to hinge on two key factors: effective leadership and employee job satisfaction. A competent leader gives the organization direction and motivates followers to accomplish desired objectives. Likewise, employees who are content with their work are more likely to put in greater effort and work towards the organization's goals. It is clear that the leadership style employed by leaders can greatly impact employee job satisfaction within an organization. Research suggests that a transformational leadership style is more strongly linked to job satisfaction among staff than transactional or laissez-faire leadership styles, particularly in academic settings (Tesfay & Sarang, 2015).

Many businesses are currently attempting to address problems such as unethical business practices, high employee turnover, and underperformance. Ineffective leadership is the root cause of most of these problems, according to Vigoda-Gadot (2012). The primary goal of many firms is to achieve their initial objectives, which requires alignment and staff motivation. The way leaders interact with their subordinates, including their features, attitudes, and actions, is referred to as their leadership style. Leadership is a management style that aims to combine organizational or individual interests and influences to achieve specific objectives (Mitonga-Monga & Coetzee, 2012).

Since leadership is a critical element in enhancing employee performance, leadership styles have an impact on employee productivity and performance. A successful leadership style motivates followers to work towards a specific objective. The success of an organization is dependent on the leadership styles used by leaders as it affects how employees feel about their jobs and the organization. This study examined the impact of three different leadership styles (transactional, transformational, and laissez-faire) on employee satisfaction in the context of Ethiopia's Motor and Engineering Company.

MOENCO (Motor and Engineering Company of Ethiopia) is the authorized distributor of Toyota and Hino brands of vehicles in Ethiopia. It was established in 1959 and is a subsidiary of Al-Futtaim Automotive Group, a leading automotive company in the Middle East and Africa. MOENCO is one of the largest companies in Ethiopia and has a significant impact on the country's economy. The company has a workforce of over 2,000 employees and operates in several locations across the country (Tadesse, & Gelaw, 2021)

There is limited empirical literature specifically focused on MOENCO in Ethiopia. However, several studies have been conducted on leadership styles and their impact on employee job satisfaction in various industries. For example, a study conducted by Dechawat et al. (2017) on the relationship between leadership styles and employee job satisfaction in the Thai hotel industry found that transformational leadership had a positive effect on job satisfaction, while autocratic leadership had a negative effect. Similarly, a study by Moneim and El-Masry (2018) on the impact of leadership styles on employee job satisfaction in the Egyptian banking sector found that transformational leadership had a positive effect on job satisfaction, while laissez-faire leadership had a negative effect.

These findings are consistent with the results of the study conducted on MOENCO, which found that transformational leadership had a positive effect on employee job satisfaction, while laissez-faire leadership had a negative effect. The study also found that transactional leadership had a positive effect on job satisfaction, which is consistent with the findings of several other studies on leadership styles and job satisfaction (Bass & Avolio, 1990; Judge & Piccolo, 2004).

## **1.2. Background of the Organization**

The Motor and Engineering Company of Ethiopia (MOENCO) was established in January 1959 in the heart of Addis Ababa. Its first shareholders were Mr. YD Lappine, Imperial Insurance Company, and Ato Menassie Lemma, among others. Ten years later, in 1969, MOENCO became the authorized TOYOTA dealership in Ethiopia, after acquiring the dealership from Toyota Motor Corporation (TMC).

The company has expanded and now has four main branches located in Bahirdar, Adama, Dire Dawa, and Hawassa, as well as six other sub-branches, two in Addis Ababa, two in Bahir Dar, and two in Hawassa. With a workforce of 1,000 staff, the company sells cars, spare parts, and offers maintenance and car painting services to satisfy its customers. MOENCO has 17 dealers, and the dealers in Gondar, Mekelle, and ArbaMinch are certified to provide both vehicle service and part sales, while the rest of the dealers are capable of selling parts only.

MOENCO most likely follows a functional organizational structure that group's employees based on their specific functions or areas of expertise, such as sales, marketing, finance, and engineering. Each department is led by a functional manager who reports to the top management. This type of structure ensures that each department is specialized and efficient in their respective domains, and it facilitates coordination among departments.

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

According to Zahari and Shurbagi (2012), leadership styles can vary depending on the situation and organization, but higher quality leadership is associated with greater job satisfaction among employees in different organizations. Although leadership is critical in inspiring employees to work towards organizational goals and enhancing their performance and happiness, each leadership style has a distinct impact on employee satisfaction.

Leaders have the power to influence employee job satisfaction, dedication, and effectiveness, making leadership essential to an organization's success. Seung-Ho (2015) notes that the inferred leadership style has a significant impact on increasing individuals' interest and commitment.

Effective leadership and employee job satisfaction are both fundamental factors for organizational success. A competent leader provides direction for the organization and leads followers towards achieving desired goals. Similarly, employees with high job satisfaction are likely to put in more effort in their assigned tasks and pursue organizational interests. It is evident that the appropriate leadership style used by leaders may be the most effective in overcoming low job satisfaction among staff in an organization.

Tesfay and Sarang (2015) found that the transformational leadership style is more strongly associated with faculty job satisfaction compared to transactional or laissez-faire leadership styles. This suggests that the transformational leadership style is particularly important for faculty satisfaction.

Though leadership styles differ from one organization to the next and from one personality to the next depending on the situation, the more excellent leadership quality is observed in an organization, the higher the level of job satisfaction among employees in different organizations. Despite the importance of leadership in inspiring employees to work toward organizational goals and enhancing employee happiness and performance, the various leadership styles utilized in an organization each have their own influence on employee satisfaction (Zahari & Shurbagi, 2012).

Zahari and Shurbagi (2012) note that although leadership styles vary depending on the organization and situation, higher quality leadership is generally associated with greater job satisfaction among employees in different organizations. Each leadership style has a unique impact on employee satisfaction, despite the importance of leadership in inspiring employees to work towards organizational goals and enhancing their performance and happiness.

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Effective leadership and employee job satisfaction are both critical factors for organizational success. A skilled leader provides direction for the organization and leads followers towards achieving desired goals. Similarly, employees with high job satisfaction are more likely to exert more effort in their assigned tasks and pursue organizational interests. Tesfay and Sarang (2015) discovered that the transformational leadership style is more pronounced in faculty job satisfaction compared to transactional or laissez-faire leadership styles.

Liya (2018) found that poor relational working ties between employees and management are caused by a lack of clear leadership, interactions between superiors and followers, and poor connection between employees and Zafar (2021) found that all three leadership styles have a positive and significant relationship with job satisfaction of employees. Unit (2021) found that there was a significant relationship between leadership style and job satisfaction, with employees favoring the transformational leadership style and only transformational leadership style positively and significantly predicts job satisfaction, while laissez-faire leadership styles have an insignificant effect on job satisfaction.

The absence of specific research on the relationship between leadership styles and job satisfaction in MOENCO in Ethiopia indicates a significant gap in the literature. While studies have been conducted on leadership styles and job satisfaction in various industries and countries, there is a lack of research on this topic in the context of MOENCO in Ethiopia. As such, this study aims to fill this gap by exploring the impact of leadership styles on employee job satisfaction in MOENCO, Ethiopia.

Many studies have used descriptive and correlational analysis to examine the relationship between leadership styles and job satisfaction. However, there may be a need to employ more advanced econometric models to provide a more comprehensive analysis of the relationship between

leadership styles and job satisfaction in MOENCO. Therefore, this study aims to contribute to the literature by using multiple linear regression analysis to examine the impact of different leadership styles on job satisfaction, while also testing the assumptions of the model to ensure the validity of the results.

Munit's (2021) study is the first of its kind conducted on MOENCO. This study focused on analyzing the effect of leadership styles on job satisfaction and identified the effects of leadership styles on employee job satisfaction, using econometric model of multiple linear regression model and correlation analysis to investigate the empirical effects of leadership styles on job satisfaction.

#### **1.4. Research Questions**

- ❖ What is the effect of transactional leadership styles on employee job satisfaction?
- ❖ What is the effect of transformational leadership styles on employee job satisfaction?
- ❖ What is the effect of Laissez faire leadership styles on employee job satisfaction?

#### **1.5. Objectives of the Study**

##### **1.5.1 General Objectives**

The general objective of this research is to identify the effects of leadership styles on job satisfaction of employees in the Motor and Engineering Company of Ethiopia (MOENCO).

##### **1.5.2 Specific Objectives**

The main objective of this research is to analyze how leadership style influences employee satisfaction at MOENCO in Ethiopia. To achieve this objective, specific aims have been developed to collect data and information, which are as follows:

- ❖ To examine the impact of transactional leadership styles on employee job satisfaction.
- ❖ To evaluate the impact of transformational leadership styles on employee job satisfaction.
- ❖ To assess the impact of Laissez-faire leadership styles on employee job satisfaction.

### **1.6. Significance of the Study**

MOENCO, with its 60-plus years of experience and status as one of Ethiopia's top ten tax payers, has contributed significantly to generating public revenues for investments in human capital, infrastructure, and service delivery to citizens and businesses.

This research has provided insights to the organization by highlighting the importance of a satisfied workforce, which has a direct correlation with leadership style, in achieving the company's vision of becoming a leading automotive organization in Ethiopia.

As a result of this research, the organization will be able to prioritize employee satisfaction and develop leadership programs to equip leaders with the necessary skills for effective management and organizational performance.

This study can also serve as a valuable resource for future researchers, students, and academics studying the impact and significance of different leadership styles on employee job satisfaction in various organizations.

### **1.7. Scope of the Study**

This study had a narrow scope, focusing solely on the impact of leadership styles on employee job satisfaction at MOENCO. Specifically, the study examined three types of leadership (Transactional, Transformational, and Laissez-faire) and their effects on employees' job satisfaction. The study employed a descriptive design and quantitative approach. The geographic area of focus was the Motor and Engineering Company of Ethiopia, specifically the head office and two branches located in Addis Ababa.

### **1.8. Limitation of the Study**

The study has limitations regarding the method, scope it covers and the method of data analysis. Methodologically the study applied the data abased solely on structured questionnaire results and the other way around the study has used limited types of leadership styles on one organization alone. Time and budget are also the other constraints that limit the study from achieving its optimum level.

### **1.9. Organization of the study**

The complete thesis consists of five chapters. The first chapter provides a brief overview of the study's objectives, scope, and significance. The second chapter primarily focuses on the available literature on various leadership theories and styles, including both theoretical and empirical perspectives. The third chapter covers the methodology of the study, such as research strategy design, sampling, and mathematical model. The fourth chapter presents the descriptive and econometric data analysis results. Finally, the fifth chapter includes a summary of the study, the conclusion, and recommendations.

### **1.10. Operational Definition of Terms**

- i. ***Transformational leadership***: is defined as a leadership approach that causes 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.
- ii. ***Transactional leadership***: Is also known as managerial leadership, is a leadership style where leaders rely on rewards and punishments to achieve optimal job performance from their subordinates. The transactional executive leadership model is based on an exchange or transaction.
- iii. ***Laissez-faire leadership***: Laissez-faire leaders have an attitude of trust and reliance on their employees. They don't micromanage or get too involved, they don't give too much instruction or guidance. Instead laissez-faire leaders let their employees use their creativity, resources, and experience to help them meet their goals.

- iv. **Job Satisfaction:** refers to employees' overall feelings about their jobs; it is the state of well-being and happiness of *a person concerning performance in the workspace and its environment*



## **CHAPTER TWO**

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

By comprehending the very nature of leadership in an organization, this chapter explores the key theoretical ideas relating the perceived impact of leadership styles on employee happiness in the Motor Engineering Company. This chapter presented and examined several reviews of the theoretical and empirical literature.

#### **2.1. Theoretical Literature**

##### **2.1.1. The concept of Leadership**

Leadership has been described as a person's ability to motivate those under him to work hard and with assurance to effect change for the betterment of the entire organization. Staff motivation is aided by the leader's ongoing guidance and assistance (Vecchiotti, 2018). Additionally, how things are done and the achievement of common objectives are impacted by the leadership styles of leaders (Yukl, G., 2006). According to Memon (2014), leadership refers to "the processes by which an individual influences the behavior, ideas, and attitudes of others by being accountable for the firm's direction and the responsibility for what others perceive and envision about the future and how to achieve it.

One prominent leadership theory is transformational leadership. This theory suggests that leaders inspire and motivate their followers to achieve exceptional performance by creating a vision for the future and encouraging followers to work towards it (Bass & Riggio, 2006). Transformational leaders also help their followers grow and develop by providing supportive feedback and opportunities for learning and development (Bass & Riggio, 2006).

Another important leadership theory is Authentic Leadership. This theory emphasizes the importance of leaders being true to themselves and their values, while also being transparent and honest with their followers (Avolio & Gardner, 2005). Authentic leaders build trust with their followers by leading with integrity and modeling ethical behavior (Avolio & Gardner, 2005). Moreover, Situational leadership theory proposes that leaders should adapt their leadership style to fit the situation and the needs of their followers (Hersey & Blanchard, 1969). This theory suggests that there is no one-size-fits-all approach to leadership and that leaders need to be flexible and adaptable in their approach.

### **2.1.2. Approaches to Leadership**

There are three tiers of leadership strategies. Included in this are the leader, the follower, and the link created by how the first two levels interact. Thus, each of the three levels must be addressed separately in a leadership study from a variety of angles. Concentrating on the main traits and stances of the leader. While the leader-member exchange focuses on the relationship or bonds between the two, the empowerment technique focuses on followers in order to discover the best potential amount of satisfaction. Additionally, according to Uhl-Bien and Graen (1995), the situational approach emphasizes the integration of the three leadership domains.

Another approach to leadership is the contingency theory, which suggests that the effectiveness of a leader is contingent upon the fit between their leadership style and the situation they are in (Fiedler, 1967). This theory proposes that different situations require different leadership styles and that leaders need to be able to adapt their style to fit the situation.

Another important approach is the servant leadership approach, which emphasizes the leader's role as a servant to their followers (Greenleaf, 1970). Servant leaders prioritize the needs of their followers and work to empower them to achieve their full potential (Greenleaf, 1970).

Furthermore, the path-goal theory suggests that leaders should provide their followers with clear goals and support them in achieving those goals (House, 1971). This theory proposes that leaders can improve their followers' job satisfaction by providing them with a clear path to achieving their goals and by removing any obstacles that may hinder their progress.

### 2.1.3. Behavioral Theory

Harrison (2018) asserts that the behavioral leadership theory explains how leaders should act in relation to the interests of their subordinates and the workplace. The behavioral hypothesis, often known as the style theory, contends that leaders can be effectively formed through learning behavior rather than being born. The behavioral leadership theory places a strong emphasis on the ability of leaders to make decisions since it strongly contends that leadership success may be correlated with the best predictor as it aids in examining how leaders behave in various situations. Furthermore, effective leadership philosophies demonstrate that anyone can develop into a capable leader (Brohi et al., 2018).

Another important aspect of the behavioral theory of leadership is the distinction between task-oriented and people-oriented leaders. Task-oriented leaders focus on achieving specific goals and tasks, while people-oriented leaders prioritize the needs and well-being of their followers (Blake & Mouton, 1964). The Ohio State Leadership Studies identified two dimensions of leadership behavior: initiating structure and consideration (Hemphill & Coons, 1957). Initiating structure refers to the leader's ability to organize and delegate tasks, while consideration refers to the leader's ability to build relationships with their followers and show concern for their well-being (Hemphill & Coons, 1957). Additionally, the Michigan Leadership Studies identified two leadership styles: employee-oriented and production-oriented (Katz & Kahn, 1978). Employee-oriented leaders prioritize the needs and well-being of their followers, while production-oriented leaders focus on achieving specific goals and tasks (Katz & Kahn, 1978).

#### **2.1.4. Trait Theory**

According to Lievens et al. (2018), describes leadership as a borne attribute rather than a talent that is fashioned and cultivated. Furthermore, according to Verawati and Hartono (2020), individuals have intrinsic qualities that can assist distinguish between non-leaders and leaders. The term characteristic, according to Dan (2019), refers to an individual's distinct values, personality, and other qualities. Leaders are emotionally mature, self-confident, and have a lot of energy. Mazaheri (2020) discovered that these characteristics are well suited for leadership, and that they assist individuals to be successful leaders while also increasing pleasure.

Furthermore, the idea claims that certain people have social features that allow them to recognize certain concerns and behave accordingly. Several studies have looked at the role of characteristics. It has led them to identify the precise fundamental qualities in individuals that are the outcome of weak leadership. According to Medvedev et al. (2017), this hypothesis has been widely questioned since there is no consistent collection of attributes that distinguishes leaders from non-leaders. All of the effective characteristics may be found in various people. Furthermore, rather than leadership attributes, researchers concentrated on distinct ideas and evaluated the influence of leadership styles on individuals.

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### **2.1.5. Theory X and Theory Y**

In 1960, McGregor introduced his Theory X and Theory Y, which proposed two distinct leadership styles that make assumptions about employees. According to Theory X, employees dislike work and will avoid it if they can due to a lack of motivation and accountability (Zogning, 2017). Additionally, management actions and leadership styles are linked to employee dissatisfaction, and managers tend to micromanage employees' tasks, leading to dissatisfaction and inefficiency. On the other hand, Theory Y suggests that people can perform effectively if given the proper environment and platform. Managers must ensure that employees are rewarded for their efforts (Tahir, K. H. K., & Iraqi, K. M. 2018).

Employee dissatisfaction may result from leaders' behaviors and the hierarchical structure. It is the responsibility of management to motivate individuals to achieve the organization's goals. Additionally, employees should feel welcomed in the organization and be trained to ensure that their skills are sufficient to meet the company's objectives. Furthermore, employees should receive the rewards they deserve after meeting their goals.

McGregor's Theory X and Theory Y have been widely studied and discussed in the field of organizational behavior. One study by Judge and Bono (2001) found that managers who held Theory Y beliefs had employees who reported higher job satisfaction and organizational commitment. In contrast, managers who held Theory X beliefs had employees who reported lower job satisfaction and organizational commitment.

Another study by Chen and Silverthorne (2008) found that employees who worked for Theory Y managers had higher levels of job satisfaction, organizational commitment, and job involvement, as well as lower levels of turnover intention. In contrast, employees who worked for Theory X managers had lower levels of job satisfaction, organizational commitment, and job involvement, as well as higher levels of turnover intention. Furthermore, another study by Latham and Pinder (2005) found that Theory Y managers were more likely to set challenging goals and provide feedback and support to their employees, leading to higher levels of job performance and satisfaction.

#### **2.1.6. Leadership Styles**

Leaders in different organizations use various types of leadership methods, which are referred to as leadership styles. According to Cuadrado et al. (2007), leadership style is a consistent set of actions or patterns that include task-oriented leaders who initiate structure and relationship-focused leaders who show consideration. Memon (2014) defines leadership style as the way in which a leader directs, motivates, and encourages followers to achieve common goals and objectives. Mehmood and Arif (2011) describe leadership styles as the methods used by leaders to lead companies, departments, or groups.

Omolayo (2007) defines leadership as the process of a leader's targeted influence on followers to achieve the best possible outcome for organizational goals. Mullins (2004) adds that a leader is someone who delegates or influences others to behave in ways that help achieve specific goals. The study identified three types of leadership styles associated with employee job satisfaction, after reviewing various publications.

### **2.1.7. Transformational Leadership Style**

One of the leadership styles that prioritizes employee growth and support is transformational leadership. According to Ismail A. et al. (2009), leaders who practice transformational leadership place a strong emphasis on developing norms, values, and connections to help their employees grow and be inspired. Bass states that the primary objective of transformational leadership is to transform individuals and organizations to achieve a company's shared vision by effecting change in various aspects of workers' attitudes, values, and distinct organizational functioning principles.

Bass and Avolio (1993) add that transformational leadership occurs when a leader becomes receptive to the needs and interests of employees. When employees' needs and interests are prioritized within the organization, they feel satisfied and work hard to achieve the team's common goals.

Another important aspect of transformational leadership is the use of charisma, inspiration, and intellectual stimulation to motivate and inspire followers. According to Avolio and Bass (1995), transformational leaders use their personality and communication skills to create a vision of the future that is compelling and inspiring to their followers. They also encourage their followers to think independently and creatively, challenging them to reach beyond their current capabilities.

Furthermore, one of the key components of transformational leadership is individualized consideration, which involves providing personalized support and guidance to each follower (Bass, 1985). By understanding the unique needs and strengths of each follower, transformational leaders can provide the appropriate level of support and challenge to help them grow and develop. Research has shown that transformational leadership can have a positive impact on a variety of outcomes, including employee job satisfaction, organizational commitment, and performance (Wang & Howell, 2012). Furthermore, transformational

leadership has been associated with higher levels of innovation and creativity in organizations (Jung et al., 2003).

### **2.1.8. Transactional Leadership**

Transactional leadership, unlike transformational leadership, focuses on exchanging favors to achieve desired results. According to Trottier (2008), it is a "trade" between a leader and an employee where employees receive rewards for achieving specific goals or criteria. Scott (2003) explains that the transactional leader first establishes the connection between performance and reward, which is then exchanged for an acceptable response that motivates subordinates to increase their performance.

In businesses, transactional leadership serves as an intermediary between managers and employees (Jung, 2001). Howell and Avolio (1993) define transactional leadership as the exchange of rewards and objectives between employees and management. Bass and Avolio (1993) state that transactional leaders motivate people through the use of contingent rewards, corrective actions, and incentives.

Another important aspect of transactional leadership is the use of management by exception, which involves monitoring employees' performance and intervening only when there are deviations from the expected standards (Bass, 1985). This approach allows the leader to maintain control over the work process while minimizing their involvement in day-to-day operations. Furthermore, some researchers have suggested that transactional leadership can be subdivided into two types: active and passive (Bass & Avolio, 1993). Active transactional leaders are proactive in monitoring and rewarding employees, while passive transactional leaders are more reactive and only intervene when problems arise.

Research has shown that transactional leadership can be effective in certain situations, such as when employees are performing routine tasks and require clear direction and guidance (Bass & Avolio, 1993). However, it may not be as effective in situations that require creativity and innovation, as it may stifle

employees' autonomy and willingness to take risks. Additionally, some studies have found that transactional leadership may be negatively associated with employee job satisfaction and organizational commitment (Wang & Howell, 2012). This may be due to the focus on rewards and punishments rather than intrinsic motivation and personal growth.

### **2.1.9. Laissez Fair Leadership**

Laissez-faire leadership is a term used to describe leaders who do not provide any guidance or direction. This leadership style can result in a lack of control, higher costs, poor service delivery, or failure to meet deadlines in various tasks due to a lack of oversight of staff (Eren, 2010). Leaders who adopt a laissez-faire leadership style do not take responsibility or provide staff with directives for work. Instead, they delegate responsibility to employees to choose objectives, strategies, and programs within the organization's capabilities, demanding less monitoring from supervisors (Vogt et al., 2004).

Research suggests that laissez-faire leadership can have negative consequences for both the leader and the organization. For example, a study by Kark et al. (2003) found that laissez-faire leadership was negatively associated with follower job satisfaction and organizational commitment. In addition, the study found that laissez-faire leaders were perceived as less effective than transformational or transactional leaders.

Furthermore, a study by Avolio et al. (1999) found that laissez-faire leadership was associated with lower levels of team creativity and innovation. The study suggested that laissez-faire leaders may not provide the necessary structure and support for team members to work effectively together and generate new ideas.

Additionally, another study by Hinkin and Schriesheim (2008) found that leaders who exhibited laissez-faire behaviors were more likely to experience role ambiguity and role conflict, which can lead to decreased job satisfaction and increased turnover intention. Overall, while laissez-faire leadership may be appropriate in certain situations where employees require a high degree of autonomy, it is generally not an effective leadership style for most organizations. Leaders who adopt a laissez-faire leadership style may need to provide more guidance and support to ensure that employees are working effectively and achieving organizational goals.

## **2.2. The Concept Job Satisfaction**

Job satisfaction is closely linked to productivity, motivation, job performance, and life satisfaction (Abuhashesh et al., 2019), which indicates that it also affects employees' personal lives. It should be noted that job satisfaction affects an employee's sense of security in the workplace. An employee who is satisfied with their job feels better in the organization, performs better at work, and, most importantly, feels secure about their future and job in the company.

Job satisfaction is defined as performing work that one enjoys, doing it effectively, and being rewarded for one's efforts (Kaliski, 2007; Aziri, 2011). Various motivating and leadership styles can be effective in different employees, leading to higher job satisfaction. Therefore, job satisfaction is an essential factor in motivating and pushing people to achieve greater accomplishments (Raziq and Maulabakhsh, 2015).

Job satisfaction is considered one of the most critical variables affecting the efficiency and effectiveness of any commercial organization or firm (Aziri, 2011). Employee job satisfaction is crucial for a business because it directly impacts its growth. Employees are more concerned about their job satisfaction now than in the past, and they expect to be more satisfied. They may use job satisfaction as a basis for staying in their current company or leaving for another (Bosman & Nalla, 2009). Job satisfaction has a significant impact on employee productivity

(Lim, 2007), and companies with satisfied employees outperform other organizations (Ostroff, 1992).

### **2.3. Measurement of Job Satisfaction**

Improving employee job satisfaction can be influenced by various factors such as the work environment, supervision, policies and administration, promotion, payment, interpersonal relationships, recognition, and empowerment (Castillo and Cano, 2004). However, the leadership style has a significant impact on job satisfaction (Wexley and Yukl, 1984). Job satisfaction is a mental state that reflects how an individual views their employment, which can be negative, neutral, or positive. Job happiness is strongly linked to work performance, productivity, and personal well-being.

### **2.4. Empirical Literature Review**

#### **2.4.1. Leadership Styles and Job Satisfaction**

Job satisfaction is a critical factor in employee motivation and retention, and it is often linked to leadership styles employed in organizations (Judge et al., 2004). Transformational leadership is a leadership style that has been shown to be positively related to job satisfaction among employees (Bass & Riggio, 2006). Transformational leaders inspire and motivate employees by creating a vision of the future, providing intellectual stimulation, and offering individualized consideration (Bass, 1985). Research has consistently shown that transformational leadership is positively associated with employee job satisfaction (Judge et al., 2004; Podsakoff et al., 1990).

On the other hand, transactional leadership, which is based on rewards and punishments, has been found to have mixed effects on employee job satisfaction. Some studies have suggested that transactional leadership can increase employee job satisfaction if used in a fair and equitable manner (Podsakoff et al., 1990). However, other studies have suggested that transactional

leadership can have a negative impact on employee job satisfaction if it is perceived as overly controlling or if rewards and punishments are perceived as unfair (Podsakoff et al., 1986).

Finally, laissez-faire leadership, which is characterized by a lack of direction and guidance from leaders, has been found to be negatively related to employee job satisfaction (Judge et al., 2004). Laissez-faire leaders are often perceived as disengaged and uninterested in their employees, which can lead to low levels of job satisfaction and motivation.

In summary, the literature suggests that transformational leadership is positively related to employee job satisfaction, while transactional leadership and laissez-faire leadership have mixed or negative effects on job satisfaction. However, it is important to note that the relationship between leadership styles and job satisfaction may be influenced by a variety of factors, such as organizational culture, employee characteristics, and situational factors.

#### **(i) Transformational Leadership and employee satisfaction**

Transformational leadership is a leadership style that emphasizes inspiring and motivating employees to achieve their full potential, creating a shared vision, and promoting individualized consideration (Bass, 1985). Empirical research has consistently shown that transformational leadership is positively related to employee satisfaction (Judge et al., 2004; Podsakoff et al., 1990).

For example, in a study of academic staff in Ethiopia, Tesfay and Sarang (2015) found that transformational leadership was positively related to employee job satisfaction and organizational commitment. Similarly, in a study of faculty members in universities, Shakil et al. (2012) found that transformational leadership had a significant positive effect on employee job satisfaction.

Moreover, other studies have found that transformational leadership can also have positive effects on other important outcomes, such as organizational citizenship behavior (OCB) and employee engagement (Breevaart et al., 2014; Wang et al., 2011). OCB refers to discretionary behaviors that go beyond employees' formal job requirements, such as helping colleagues,

volunteering for extra tasks, and showing initiative. Wang et al. (2011) found that transformational leadership was positively related to OCB, which in turn was positively related to employee job satisfaction. Overall, the empirical literature suggests that transformational leadership is a powerful tool for promoting employee satisfaction and other positive outcomes in organizations.

## **(ii) Transactional Leadership and employee satisfaction**

Transactional leadership is a leadership style that emphasizes the exchange of rewards and punishments as a means of motivating employees to achieve organizational goals (Bass & Avolio, 1993). Empirical research on the relationship between transactional leadership and employee satisfaction has yielded mixed results. In the Ethiopian context, a study by Fanta et al. (2019) found that transactional leadership had a significant positive effect on employee job satisfaction among nurses in public hospitals. However, another study by Amsalu and Amsalu (2018) found that transactional leadership had a negative effect on employee job satisfaction among nurses in private hospitals.

In the overall world context, some studies have suggested that transactional leadership can increase employee job satisfaction if used in a fair and equitable manner (Podsakoff et al., 1990). However, other studies have suggested that transactional leadership can have a negative impact on employee job satisfaction if it is perceived as overly controlling or if rewards and punishments are perceived as unfair (Podsakoff et al., 1986). Overall, the empirical literature suggests that the relationship between transactional leadership and employee satisfaction may be influenced by a variety of factors, such as organizational culture, employee characteristics, and situational factors.

## **(iii) Laissez Faire Leadership Style and job satisfaction**

Laissez-faire leadership style is a passive leadership style that involves minimal guidance or direction from leaders (Bass & Avolio, 1993). Empirical research on the relationship between laissez-faire leadership style and job satisfaction has consistently shown that laissez-faire leadership style is negatively related to job satisfaction among employees (Judge et al., 2004). In

the Ethiopian context, a study by Tadesse et al. (2020) found that laissez-faire leadership style had a negative effect on employee job satisfaction among healthcare professionals. Similarly, a study by Tadesse and Moges (2019) found that laissez-faire leadership style had a negative effect on employee job satisfaction among nurses in public hospitals. In the African context, a study by Bello and Oladipo (2018) found that laissez-faire leadership style had a negative effect on employee job satisfaction among healthcare workers in Nigeria. Similarly, a study by Kpoghomou et al. (2018) found that laissez-faire leadership style had a negative effect on employee job satisfaction among nurses in Togo.

In the global context, several studies have shown that laissez-faire leadership style is negatively related to job satisfaction among employees (Judge et al., 2004; Podsakoff et al., 1990). For example, a study by Kaya and Kaya (2018) found that laissez-faire leadership style had a negative effect on employee job satisfaction among teachers in Turkey. Overall, the empirical literature suggests that laissez-faire leadership style is negatively related to job satisfaction among employees in Ethiopian, African, and global contexts.

## **2.5. Conceptual Framework**

The purpose of this study is to examine the various types of leadership, including transformational, transactional, and laissez-faire leadership, utilized in MOENCO in Ethiopia and their impact on employee satisfaction. Additionally, the study aims to evaluate the current leadership practices in the Motor Engineering Company, from the head office in Addis Ababa to the different branches throughout the country. Finally, the study will identify the three primary types of leadership and determine whether they have a positive or negative effect on employee satisfaction.

A theoretical conceptual framework for leadership styles and job satisfaction could be based on the following concepts:

- Transformational leadership positively influences job satisfaction by fostering a positive work environment, empowering employees, and encouraging creativity and innovation.

- Transactional leadership may have a positive effect on job satisfaction by providing clear expectations and rewards for performance, but may also have a negative effect if the incentives and consequences are perceived as unfair or arbitrary.
- Laissez-faire leadership may have a negative effect on job satisfaction by leaving employees feeling unsupported and lacking direction or guidance.
- The relationship between leadership style and job satisfaction may be moderated by individual and situational factors, such as personality traits, work experience, and organizational culture.

This conceptual framework suggests that leadership style can have a significant impact on job satisfaction, and that transformational leadership may be the most effective style for promoting job satisfaction and employee well-being.

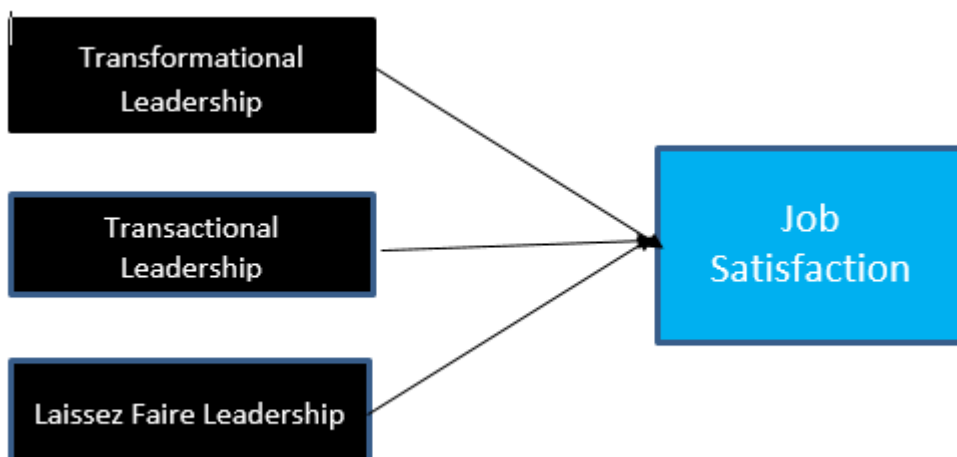


Figure 2.1: A Conceptual Framework: Adapted From the available literature on Leadership Styles on Job satisfaction

## 2.6. Hypothesis

Verma's (2014) study in the UAE showed that transformational leadership styles of principals had a significant influence on teacher job satisfaction in private schools. Inspirational motivation and individualized consideration leadership styles had a positive and significant predictive relationship with job satisfaction among teaching faculties. Similarly, Miftahuddin (2016) found that

transformational leadership and job satisfaction had a positive and significant influence on performance, either partially or simultaneously, in Indonesia.

Hypothesis I: The transactional leadership style has a significant effect on employee job satisfaction.

Munit's (2021) study found that both transactional and laissez-faire leadership styles had an insignificant effect on job satisfaction. Tesfaye (2019) confirmed that all dimensions of leadership style had a statistically significant and positive influence on employee job satisfaction.

Hypothesis II: The transformational leadership style has a significant effect on employee job satisfaction. Zafar (2021) found that leaders mostly adopted the transformational leadership style to motivate and encourage their employees. Munit (2021) also found that only the transformational leadership style positively and significantly predicted job satisfaction. Once again, Tesfaye (2019) confirmed that all dimensions of leadership style had a statistically significant and positive influence on employee job satisfaction.

Hypothesis III: The laissez-faire leadership style has a significant effect on employee job satisfaction.

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

This chapter explains the research design and approach, population of the study, sample size determination, sampling design, source of data and collection method, method of data analysis, ethical consideration and the measurement of reliability and validity.

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

The study employed a quantitative research approach, which involves the use of precise statistical data to test the hypothesis. In quantitative research, the researcher determines what to study and asks specific, limited questions, gathers numerical data from participants, analyzes the data using statistical methods, and conducts the investigation in a neutral and objective manner. According to Creswell (2014), "Quantitative research is a means for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures". This highlights the emphasis on numerical data and statistical analysis in a quantitative research approach.

#### **3.2. Research Design**

A research design is explained as the 'procedures for collecting, analyzing, interpreting and reporting data in research studies' (Creswell & Plano Clark 2007). There are three categories of research designs such as exploratory, descriptive and explanatory. This study used descriptive and explanatory research design in order to describe detail information gathered regarding the problem under investigation. Besides, explanatory research design presents different kinds of predictions which has the effect of supporting with evidence. Exploratory research is conducted when much is not known about a certain phenomenon and a problem that

### **3.3. Population and Sample**

#### **3.3.1. Population**

In thesis writing, the population of the study refers to the group of individuals or objects that the researcher is interested in studying and drawing conclusions about. The population is typically defined by specific characteristics or criteria, such as age, gender, occupation, or geographic location. Hence the population of the study is 226 MOENCO staffs at head office and main branches.

#### **3.3.2. Sample Design**

Sampling refers to the process of selecting a representative subset of the population, referred to as a sample. There are two main types of sampling designs: probability sampling and non-probability sampling. Probability sampling involves selecting samples with a known and non-zero chance of being chosen, while non-probability sampling does not provide a way to estimate the probability of an element being included in the sample. For this study, the researcher utilized a probability sampling design, specifically stratified sampling and simple random sampling methods.

#### **3.3.3. Sample Size and Sample Size Determination**

The researcher selected a representative sample of MOENCO employees for the study, guided by Yumane's formula (1964) for determining an appropriate sample size. The working sample followed Yumane's formula, with the researcher aiming for a 95% level of certainty and an acceptable sampling error of 5%.

N

$$n = 1 + N (e^2)$$

Where;

n = the sample size N= the population

$e^2 =$  estimated standard error which is 5% for 95% confidence level  $n = 226 / (1 + 226(0.05)^2)$

$n = 144.4 \approx 144$  which is the sample size for this study.

### 3.3.4. Sampling Technique

The study utilized a two-stage sampling method, which involved both stratified and random sampling. The strata were created systematically based on the different departments of the head office staffs including leaders and supervisors. Once the strata selection was complete, a simple random sampling technique was employed to select each sample from each stratum. The sample size was proportional to the total number of employees, ensuring that each member of the population had an equal chance of being selected. The sample included all workers and managerial staff at the head office in Bole Medahniealem, with a total sampling frame of 226 employees and a sample size of 144.

Table 3.3:1: Sample size

Department	Number	Sample
Finance	39	22
Logistics and Procurement	15	10
IT	10	5
MD Office	7	5
Kality	72	40

After Sales Support	15	10
Spare Parts	68	52
<b>Total</b>	<b>226</b>	<b>144</b>

*Source: Own Computation (2023)*

### **3.4. Data Collection**

#### **3.4.1. Source of Data**

The study utilized both primary and secondary sources of data, including questionnaires, books, journals, articles, and internet sources. The information obtained through the questionnaires from the respondents was considered primary data. One significant advantage of using primary data is that it is specifically collected for the purpose of the research, ensuring that the information obtained is consistent with the research questions and objectives.

#### **3.4.2. Data Collection Instruments**

To examine the impact of leadership styles on employee satisfaction, the study employed close-ended questionnaires. The Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (2004) was used to assess transformational, transactional, and Laissez-faire leadership styles. Additionally, the job satisfaction scale (JSS) developed by Spector (1994) was utilized to measure the significant determinants of job satisfaction, such as coworkers, promotion, pay, and supervision.

The questionnaires were structured using close-ended items that measured both the dependent and independent variables, utilizing a Likert-type scale method with a range of responses from "strongly

agree" to "strongly disagree." The Likert scale is a common type of attitude scale used in research, including this study.

### **3.5. Data Processing**

Once the primary data was collected, the study proceeded to check, edit, and clean the data appropriately. In-house editing was also conducted to detect any errors made by respondents while completing the questionnaires. Finally, the edited data was coded and manually entered into SPSS Version 26.

### **3.6. Methods of Data Analysis**

The data obtained from the questionnaire responses was analyzed using SPSS version 26, with regression analysis being conducted to determine the percentage of the independent variable (leadership style) that explains the dependent variable (job satisfaction) and to test the three hypotheses. Statistical tools such as correlation and multiple regression were utilized for analyzing the data, and descriptive analysis was used to explain the demographic characteristics of the population under study and other related factors. Pearson correlation analysis was also conducted to test the presence of a significant relationship between leadership style and job satisfaction.

#### **3.6.1. Model Specification**

After collecting the questionnaires, the data was analyzed using regression analysis in SPSS. Unlike correlation analysis, which assumes no causal relationship between variables, regression analysis assumes a causal relationship between two or more variables. Therefore, regression analysis was used to determine the extent of the relationship between job satisfaction and leadership styles.

The relationship between leadership style and job satisfaction can be expressed mathematically through the multiple regression equation:

$$Y (JS) = \beta_0 + \beta_1 (TRM) + \beta_2 (TRN) + \beta_3 (LES) + e$$

Where: Y= JS= Job Satisfaction

TRM = Transformational leadership style

CLR = Transactional leadership style

LES = Laissez Faire Leadership Style

$\beta_0$ = Coefficient of Transformational leadership style

$\beta_1$ = Coefficient of Transactional leadership style

$\beta_2$ = Coefficient of Laissez Faire Leadership Style

e = error term

### 3.7. Validity and Reliability

#### 3.7.1. Validity

Validity, on the other hand, refers to the correctness of the analysis and the importance of the implications provided by the researcher based on the collected data. It measures the degree to which the evidence supports the implications provided by the researcher based on the data collected using a particular instrument. The validity of the study will be confirmed through a review of literature and different instruments used by other researchers. To assess the variance of the statistical method used in the study, the Analysis of Variance (ANOVA) method was utilized. ANOVA is used to assess the discrepancy among the given answers and tests the agreement among the responses in their respective rankings. The null and alternative hypotheses must be set up first, with the null hypothesis assuming that there is no significant difference between the groups and the alternative hypothesis assuming that there is a significant difference between the groups.

The hypothesis is tested for validity using the F-statistic by taking into consideration normal distribution. If the value of the F-statistic is greater than the F-critical value or table value, the null hypothesis is rejected, and the alternative hypothesis is accepted.

The Durbin Watson (DW) statistic is another test used to assess autocorrelation in the residuals from a statistical model or regression analysis. The DW statistic ranges from 0 to 4, with a value of 2.0 indicating no autocorrelation detected in the sample. The study tested this during the data analysis stage.

### 3.7.2. Reliability Analysis

*Table 3.3. Reliability Analysis*

Leadership Styles	Cronbach Alpha
Transformational	0.874
Transactional	0.905
Laissez Faire	0.855
Job Satisfaction	0.929
Overall	0.91

Own Computation and SPSS version 26 (2023) n=144

To test the reliability of the Likert scale data used in this study, Cronbach's alpha coefficient ( $\alpha$ ) value was utilized, which is a common measurement or indicator for reliability analysis of collected data. A value of  $\alpha \geq 0.7$  is considered appropriate for the scale used in the study based on the meaning of Cronbach's alpha coefficient.

In this study, Cronbach's alpha coefficient was calculated for the questionnaire. As shown in the table above, the values of Cronbach's Alpha for each field of the questionnaire ranged from 85% (laissez faire) to 92% (job satisfaction), with an overall coefficient result of 91%, which is considered good. Therefore, the result ensures the reliability of the questionnaire, indicating good reliability. Hence, it can be concluded that the above questionnaire is adequately reliable.

### 3.8. Validity of the Instrument and Ethical Considerations

Validity refers to the ability of the instrument to measure what it is designed to measure. Kumar, (2005) as cited by Ndegwa, (2013) defines validity as the degree to which the researcher has measured what he set out to measure. It is the accuracy and meaningfulness of inferences which are based on research results. Validity therefore is whether an instrument is on target in measuring what is expected to measure. Therefore accordingly the study will be conducted in accordance with such principles and will be cross checked for fulfilling such principle

To test the appropriateness and the novelty of the study step by step comprehensive tests of validity have been taken such as multicollinearity test, linearity test, model fit test, correlation analysis and coefficient of regression analysis.

## CHAPTER FOUR

### 4. DATA PRESENTATION AND ANALYSIS

#### 4.1. Introduction

This chapter presents the results of the data collection, which were guided by the objectives of the study to present empirical evidence to support or refute the results. The study aimed to determine how leadership styles influence employee job satisfaction in general. Regression analysis was used to determine the relationship between leadership style and job satisfaction, while correlation tests were applied to test the instrument reliability and the correlation of responses on the same issues coming from the sample respondents.

The study distributed 144 questionnaires, and all were properly filled and returned, resulting in a response rate of 100%. The questionnaire return rate was calculated as 100%, which is considered very acceptable for the purposes of data analysis. Therefore, the discussion and analysis in this chapter are based on these data.

#### 4.7. Descriptive Analysis

##### 4.7.2. Demographic characteristics of Respondents

*Table 4. 1: Demographic characteristics of Respondents*

Variable	Categories	Frequency	Percent
Gender	Male	87	60.4
	Female	57	39.6
	Total	144	100.0
Age	<25	18	12.5
	25-35	65	45.1
	35-45	45	31.3

	>45	16	11.1
	Total	144	100.0
<b>Education</b>	Diploma	9	6.3
	Bachelor	76	52.8
	Degree	59	41.0
	Master's	144	100.0
	Degree		
Total			
<b>Years of Experience</b>	1-5Yrs	47	32.6
	6-10Yrs	62	43.1
	11-15	27	18.8
	>15Yrs	8	5.6
	Total	144	100.0
<b>Job Position</b>	Manager	32	22.2
	Supervisor	17	11.8
	Officer	79	54.9
	Others	16	11.1
	Total	144	100.0

Source: Own survey. 2023

The gender composition of employees in MOENCO appears to be somewhat balanced, with a significant level of disparity between males and females, with men making up 60% of the total respondents and women making up 40%, indicating a 10% margin taken by men. This figure suggests that gender disparity is narrowing down, and women's participation is gradually showing improvement at least in MOENCO.

Regarding the age composition of MOENCO employees, individuals in the age group of 25-35 years took the largest share of the respondents, accounting for about 45% of the employee respondents. The 35-45 age group followed, constituting 31%, while the rest accounted for only around 24%. This demographic characteristic can be a clear manifestation of the large Ethiopian

population demographic structure, which is highly dominated by young adults (65% of the Ethiopian population is dominated by younger age groups less than 35 years of age). However, in relative terms, MOENCO has an age group that is closer to adulthood, with age groups greater than 35 years of age constituting 31% of the respondents.

When we come to the education level among respondents most of the respondents more than (94%) of the study respondents of MOENCO employees are categorized as advance literate who possess either bachelor degree (52.8%) or both bachelor and master's Degree This figure can be illustrated that MOENCOs requirement to hire employees who have good level of literacy and the higher the standard level of hiring employees. Only (6%) of employees have diploma as a higher educational qualification.

Most of the years of experience shown in the table are summarized as most individuals start the job within the last five years (32.6%), and employees who have worked between 5-10 years possess (43%) a considerable number of MOENCO employees have the years of experience between (11-15) years which possesses (19%) but those individuals who stay on the job for more than 15 years only accounts for 5.6%. Which is a direct manifestation of the population pyramid characteristics as well as the qualification oriented human resource strategy of MOENCO.

When you come to on a job position of individuals working on MOENCOs operational activities: the majority are support staffs or officers (55%) followed by management level staffs (22%). Supervisors constitute about (12%) and others possess about (11%) of the employees. Support officers dominate the trend as most of the respondents are found to be young is confirmed by their job position and experience.

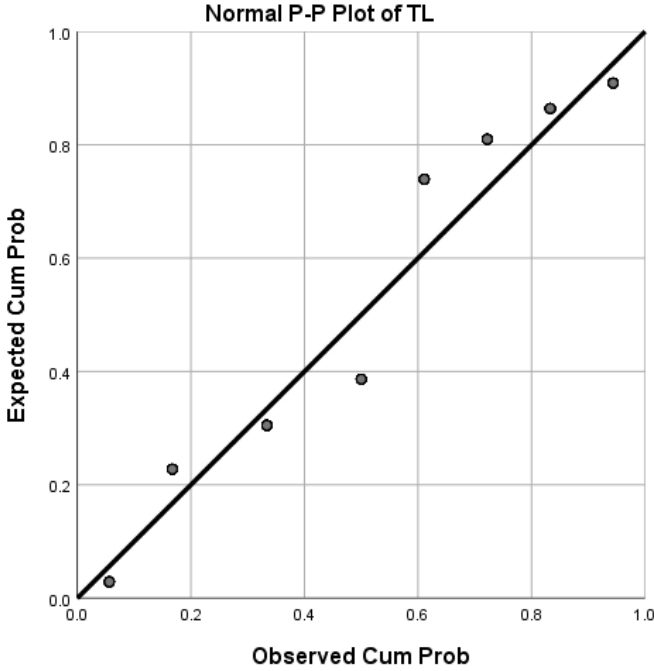
## **3.2. Test for Assumptions**

### **3.2.1. Linearity Assumption Test**

To check for the assumption of linearity, we can plot the outcome variable against the predictor variable, and the pattern should be approximately linear. In our study, most of the plots show linear relationships, and the ANOVA test result indicates there is a linear relationship between

the variables. The linear regression algorithm assumes that there is a linear relationship between the independent variables and the dependent variable Y. However, if the true relationship is not linear, we cannot use the model as it significantly reduces accuracy. Therefore, it is essential to validate this assumption.

Figure 4.1: Linearity Assumption Test



Source: SPSS Version 26 (2023)

### 3.2.2. Normality Test

The aim of the t-test is to compare certain characteristics that represent groups, and mean values are representative when the population has a normal distribution. Therefore, satisfying the normality assumption is crucial in the t-test. In our study, all t-test values were less than 2, indicating that the normality assumption was met.

Kurtosis is a measure of the "peaked-ness" or "flatness" of a distribution. A kurtosis value near zero indicates a shape close to normal, while a negative value indicates a distribution that is more peaked than normal, and a positive kurtosis indicates a shape flatter than normal.

### 3.2.3. Kurtosis and skewness

Table 4. 2: Kurtosis and skewness

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
TL	-.329	.202	-.866	.401
TRL	-.857	.202	-.584	.401
LFL	-1.017	.202	.044	.401
JS	-.669	.202	-1.028	.401
Valid N (list wise)				

Own computation and SPSS Version 26(2023) n=144

According to George and Mallery (2010), the acceptable range for values of asymmetry and kurtosis is between -2 and +2 to demonstrate normal univariate distribution. Hair et al. (2010) and Bryne (2010) also suggested that data can be considered normal if the skewness is between -2 to +2 and kurtosis is between -7 to 7. Based on the results in the table above, the normality test is satisfied.

### 3.2.4. Bartlett's Test for Sphericity

If the standard deviations of our groups are highly heterogeneous, despite any transformation we apply, there are many alternative tests available to choose from (Lix et al., 1996). Welch's ANOVA, also known as Welch's t-test when there are two groups, is the most commonly used alternative to one-way ANOVA.

Homoscedasticity is also an assumption of other tests, such as nested and two-way ANOVA, regression, and correlation. However, there has been less research on the effects of heteroscedasticity on these tests. Therefore, we need to inspect the data for heteroscedasticity and hope that we do not find it, or a transformation can fix it. Bartlett's Test for Sphericity (2006) suggests accepting a value  $> 0.5$ . Values between 0.5 and 0.7 are considered mediocre, and values between 0.7 and 0.8 are considered good.

*Table 4. 3: Bartlett's Test of Sphericity*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	611.272
	Df	6
	Sig.	.000

Source: SPSS Version 26(2023) n=144

The total result for all variables of Bartlett's Test of Sphericity test is 0.75 and it's assumed to be good indicator and the homoscedasticity assumption is meet.

**3.2.5. Multicollinearity Test**

When an independent variable in a multiple regression equation is highly correlated with one or more other independent variables, multicollinearity occurs. This is problematic because it undermines the statistical significance of an independent variable.

Ignoring multicollinearity can have adverse effects on findings and data interpretation in regression analysis, which is well-documented in the statistical literature. Failure to identify and report multicollinearity can lead to misleading interpretations of the results.

<b>Coefficients <sup>a</sup></b>
----------------------------------

Model		Collinearity Statistics	
		Tolerance	VIF
1	TL	.105	9.533
	TRL	.203	4.921
	LFL	.201	4.986
a. Dependent Variable: JS			

#### : 4.5 Multicollinearity

Source: Multicollinearity Test results SPSS Version 26 (2023) n=144

Multicollinearity occurs in a multiple regression model when there is a correlation between multiple independent variables. The Variance Inflation Factor (VIF) is calculated as 1 divided by the Tolerance value, and it is always equal to or greater than 1. There is no fixed VIF value that determines the presence of multicollinearity, but VIF values exceeding 10 are often considered indicative of multicollinearity. Variance inflation factor (VIF) is a metric that measures the amount of multicollinearity in regression analysis. According to Pallant (2007), tolerance indicates the extent to which independent variables do not explain much of the variability of a specified independent variable, and the value should not be small (should be more than 0.10) and less than 1 to indicate the absence of collinearity.

### 3.2.6. Correlations Analysis Discussion

*Table 4. 4: Correlations Analysis Discussion*

Correlations					
		JS	TL	TRL	LFL
	JS	1.000	.745	.551	.788
	TL	.745	1.000	.892	.893
	TRL	.551	.892	1.000	.780
	LFL	.788	.893	.780	1.000

Source: SPSS Version 26 (2023) n=144

In this study, to process the correlation and multiple regression analysis, data from the Likert scale typed questionnaires were entered in to the SPSS software version 26. Correlation coefficient is used to specify the strength and the direction of the relationship between the independent variables and the dependent variable i.e., job satisfaction.

A correlation coefficient measures the strength of that relationship. Calculating a Pearson correlation coefficient requires the assumption that the relationship between the two variables is linear. The relationship between two variables is generally considered strong when their r coefficient value is larger than 0.55 therefore our correlation analysis shows that strong positive relationship the dependent and the independent variables.

### 3.2.7. Test of Model Fitness

*Table 4. 5: ANOVA*

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	132.883	3	44.294	100.236	.000 <sup>b</sup>
	Residual	61.866	140	.442		
	Total	194.749	143			

a. Dependent Variable: JS
b. Predictors: (Constant), LFL, TRL, TL

ANOVA is a statistical method used to assess the variance between groups. To perform ANOVA, the null and alternative hypotheses must be established. The null hypothesis assumes that there is no significant difference between the groups, while the alternative hypothesis assumes that there is a significant difference between the groups.

If the F-statistic value is greater than the F-critical value or table value, the null hypothesis is rejected, and the alternative hypothesis is accepted. This indicates that the means of the groups are not equal,  $\mu_1 \neq \mu_2 \neq \mu_3$ .

In the ANOVA table above, the F-statistic is 100.23, and the model significance is significant at a value of 0.000, indicating a significant variation between the explanatory variables. Since the F-statistic (100.23) is greater than the table F-statistic (0.000), the model is considered fit. Therefore, we reject the null hypothesis and accept the alternative hypothesis. The alternative hypothesis indicates that  $H_a = \mu_1 \neq \mu_2 \neq \mu_3$ , suggesting that the three categories of respondents have different levels of understanding about job satisfaction.

### **3.2.8. Model Summary**

Table 4. 6: Model Summary

Model Summary <sup>b</sup>										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.826 <sup>a</sup>	.682	.676	.66476	.682	100.236	3	140	.000	3.048

a. Predictors: (Constant), LFL, TRL, TL

b. Dependent Variable: JS

Source: SPSS Version 26 (2023)

The coefficient of determination (R<sup>2</sup>) and correlation coefficient (R) indicate the degree of association between the dependent and independent variables. The analysis results show that R<sup>2</sup>=0.82 (82%) and Adjusted R square = 0.68 (68%), indicating that 68% of the variation in the dependent variable (leadership styles) is explained by the independent variables, namely transformational leadership style, transactional leadership style, laissez-faire leadership style, and the dependent variable, which is job satisfaction.

To ensure that multicollinearity is low, it is important to check the values of Tolerance and Variance Inflation Factor (VIF). The Durbin-Watson (DW) statistic is a test for autocorrelation in the residuals of a statistical model or regression analysis. The Durbin-Watson statistic ranges from 0 to 4, with a value of 3.04 indicating no autocorrelation detected in the sample. In our model, the Durbin Watson coefficient is 3.04, indicating the absence of autocorrelation.

Most of the results from the model summary indicate a positive and significant relationship between the independent variables (transformational leadership style, transactional leadership style, and laissez-faire leadership style) and the dependent variable (leadership style). This means that the independent variables jointly determine the dependent variable.

Overall, the independent variables (transformational leadership style, transactional leadership style, laissez-faire leadership style) and the dependent variable (job satisfaction) jointly explain 68% of the variance in leadership styles. The remaining 32% of the variance in leadership style is explained by variables not included in the study.

### 3.3. Regression Analysis of Determinant

*Table 4. 7:* Regression Results Coefficients

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.595	.378		-1.575	.118
	TL	1.122	.238	.693	4.709	.000
	TRL	.655	.136	.510	4.827	.000
	LFL	-.613	.115	-.568	-5.335	.000

a. Dependent Variable: JS

Source: SPSS Version 26(2023) n=144

In this study, Likert scale questionnaires were used to collect data, which were then entered into SPSS software version 26 for correlation and multiple regression analyses. The purpose of the regression analysis was to determine how much the independent variable explains the dependent variable. Specifically, the study used regression analysis to examine the effect of the independent variables (transformational leadership style, transactional leadership style, laissez-faire leadership style) on the dependent variable (job satisfaction).

#### 3.3.1. Hypothesis Testing Results

Hypothesis testing in the study was based on the  $\beta$ , t, and P values. The proposed hypotheses for the study were tested using these coefficient results.

***Hypothesis 1: Transactional leadership style has a significant effect on employee's job satisfaction.***

The results of multiple regressions, as presented in Table above, revealed that transactional leadership style had a positive and significant effect on employee job satisfaction with ( $\beta = 1.12$ ,  $t = 4.7$  &  $p < 0.01$ ). Thus, the proposed hypothesis was accepted. This statistics infer that if MOENCO leaders increased their focus to transactional leadership styles by one (1%), then its employee job satisfaction was enhanced by (112%). Therefore, transactional leadership style had had a positive affect employee job satisfaction.

According to a study conducted by Al-Najjar and Yusoff in 2018, it was discovered that a transactional leadership style had a significant positive impact on employee job satisfaction. Specifically, the researchers found that the use of transactional leadership style resulted in employees perceiving higher job security, greater pay satisfaction, and overall job satisfaction. These findings provide evidence that utilizing a transactional leadership style can have a significant positive impact on employee job satisfaction.

***Hypothesis 2: Transformational leadership has a significant effect on employee's job satisfaction***

The table presented above shows that the results of multiple regression analysis revealed a significant and positive effect of transformational leadership style on employee job satisfaction, with values of  $\beta = 0.65$ ,  $t = 4.8$ ,  $p < 0.01$ . Thus, the proposed hypothesis was accepted. The beta coefficient suggests that if attention is given to transformational leadership styles at MOENCO, it can significantly affect employee job satisfaction, resulting in a 65% increase while keeping other factors constant. This study was conducted by Khalid in 2017.

Khan conducted a survey in the banking sector of Pakistan to examine the impact of organizational justice and transformational leadership on job satisfaction. The study found that

transformational leadership had a significant positive effect on employee job satisfaction and organizational commitment. The study used structural equation modeling to analyze data collected from 250 employees. This study was conducted in 2019. In 2020, Nguyen conducted a study that found a significant positive effect of transformational leadership on employee job satisfaction. Specifically, the study found that transformational leadership positively influenced employees' perceptions of their work environment, opportunities for personal growth, and overall job satisfaction.

Overall, these studies provide evidence that transformational leadership has a significant positive impact on employee job satisfaction in various contexts.

***Hypothesis 3: Laissez-faire leadership style has a significant effect on employee's job satisfaction.***

The table presented above shows that the multiple regression analysis results indicate a significant and negative effect of laissez-faire leadership style on employee job satisfaction, with values of  $\beta=-0.61$ ,  $t=-5.33$ ,  $p<0.01$ . Thus, the proposed hypothesis was accepted. The beta coefficient suggests that in this model, a 1% change in the overall focus on laissez-faire leadership style would reduce employee job satisfaction by 61%, keeping other variables constant. Therefore, the laissez-faire leadership style had a negative and significant effect on employee job satisfaction in MOENCO Company.

Hussain conducted a study in 2016 and found that laissez-faire leadership has a negative effect on employee job satisfaction. This study found that employees who perceive their leaders as more laissez-faire are less satisfied with their jobs. Similarly, Lai conducted a study in 2017 and found that laissez-faire leadership has a negative effect on both employee job satisfaction and organizational commitment. Employees who perceive their leaders as being more laissez-faire were less satisfied with their jobs and less committed to their organizations. Lastly, Jumaat conducted a study in 2019 and found that laissez-faire leadership has a negative effect on employee job satisfaction and organizational

citizenship behavior. Overall, these studies provide evidence that laissez-faire leadership has a negative impact on employee job satisfaction in various contexts.

### **3.4. Discussion of Major Findings**

One of the major findings of the study are transactional leadership style has a significant effect on employee's job satisfaction

The findings of the multiple regression analysis presented in the given statement indicate that there is a positive and significant relationship between transactional leadership style and employee job satisfaction. This suggests that when MOENCO leaders focus more on transactional leadership style, employees are more likely to be satisfied with their jobs. The high beta value of 1.12 and a t-value of 4.7 indicate that this relationship is statistically significant and unlikely due to chance. The study by Al-Najjar and Yusoff (2018) provides further evidence to support the results of the multiple regression analysis. The findings of their study suggest that transactional leadership style has a significant positive impact on employee job satisfaction. Specifically, the study found that employees who perceive higher levels of job security, pay satisfaction, and overall job satisfaction are more likely to be working under a transactional leadership style. This evidence reinforces the idea that transactional leadership style is an effective approach in enhancing employee job satisfaction.

The results of this study have important implications for organizations and leaders who seek to improve employee job satisfaction. By utilizing transactional leadership style, leaders can create a more structured and organized work environment that is focused on meeting employee needs, providing clear expectations, and recognizing and rewarding good performance. This can improve employee job satisfaction, which in turn can lead to increased employee motivation, productivity, and retention. It is worth noting that while the results of this study are significant, they do not necessarily suggest that transactional leadership style is the only way to enhance employee job satisfaction. Other leadership styles, such as transformational leadership or servant leadership, may also be effective in improving employee outcomes. Therefore, leaders should

consider various leadership styles and approaches and choose the one that best fits their organizational culture and goals.

A study conducted by Shokri and colleagues (2018) investigated the relationship between transformational leadership and job satisfaction among nurses in Iran. The researchers used a quantitative approach to collect data from a sample of 220 nurses working in public hospitals. They administered a standardized questionnaire to measure transformational leadership and job satisfaction.

The results of the study showed that transformational leadership had a significant positive impact on job satisfaction among nurses. The study found that transformational leadership behaviors, such as intellectual stimulation and individual consideration, were positively related to job satisfaction. The study provides empirical evidence to support the hypothesis that transformational leadership has a significant effect on employee job satisfaction.

The study by Shokri and colleagues (2018) provides additional evidence to support the hypothesis that transformational leadership has a positive impact on employee job satisfaction. This study was conducted in a healthcare context, which highlights the potential applicability of transformational leadership behaviors across different industries and professions. Overall, the evidence suggests that transformational leadership is an effective approach for enhancing employee job satisfaction, which can have positive implications for employee motivation, performance, and retention.

In addition to this, a study by Asfaw and colleagues (2019) found that transformational leadership had a significant positive impact on employee job satisfaction in public health institutions in Ethiopia. The study used a survey to collect data from a sample of 422 employees and found that transformational leadership behaviors, such as inspirational motivation and idealized influence, were positively related to job satisfaction. And also a study by Alharbi and colleagues (2020) investigated the impact of transactional and transformational leadership styles on job satisfaction among nurses in Saudi Arabia. The study found that both leadership styles had a positive impact on job satisfaction, but transformational leadership had a stronger effect.

The negative impact of laissez-faire leadership on employee job satisfaction can be explained by the lack of guidance and support provided by leaders who adopt this style. Laissez-faire leaders tend to be hands-off and provide little direction or feedback to their employees, which can lead to confusion, frustration, and a lack of motivation among employees. This can result in lower job satisfaction and a decreased sense of commitment to the organization.

In contrast, leaders who adopt a more proactive and engaged approach, such as transformational or transactional leadership styles, are more likely to provide clear direction and support to their employees, which can lead to higher levels of job satisfaction. These leaders are more likely to communicate expectations, provide feedback, and recognize and reward good performance, which can enhance employee motivation and engagement.

It is worth noting that while the evidence suggests that laissez-faire leadership has a negative impact on employee job satisfaction, there may be situations where this leadership style is appropriate. For example, in highly skilled and autonomous work environments, such as research and development teams, employees may prefer a more hands-off approach from their leaders. In these situations, a laissez-faire leadership style may be more effective in fostering creativity and innovation.

A study by Wang and colleagues (2018) examined the relationship between leadership styles and job satisfaction among employees in Chinese state-owned enterprises. The study found that both transactional and transformational leadership styles had a positive impact on job satisfaction, but transformational leadership had a stronger effect. A study by Al-Najjar and Yusoff (2018) investigated the impact of leadership styles on employee job satisfaction in the banking sector in Jordan. The study found that transactional leadership style had a significant positive impact on employee job satisfaction, while laissez-faire leadership style had a significant negative impact.

In conclusion, the evidence suggests that laissez-faire leadership style has a negative impact on employee job satisfaction. Leaders who adopt this style should consider adopting a more proactive and engaged approach to enhance employee motivation and engagement. However, in

certain situations, a laissez-faire leadership style may be appropriate and effective in fostering creativity and innovation.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Introduction**

Chapter Five of the thesis provides a summary of the purpose and main findings of the study, which examined the impact of different leadership styles on employee satisfaction in the context of Ethiopia's Motor and Engineering Company. The chapter recaps the key findings of the study, including the positive impact of transactional leadership style on employee job satisfaction, while cautioning against the use of laissez-faire leadership style. The chapter draws conclusions from the findings and discusses their implications for organizations and leaders, emphasizing the need for ongoing training and development for leaders to enhance their leadership skills. The chapter concludes with practical recommendations for organizations and leaders to improve employee job satisfaction through effective leadership practices and a call to action to prioritize employee job satisfaction in their leadership strategies. Finally, the chapter reflects on the limitations of the study and suggests areas for future research.

#### **5.2. Summary**

- ✓ The study distributed 144 questionnaires and had a return questionnaire after properly filled amounted 144 at response rate of 100 %. Questionnaire Return rate=  $144 / 144 \times 100 = 100$  %. The questionnaire return rate as per the calculation is 100 %.

- ✓ The gender composition of MOENCO employees looks like a bit balanced with a considerable level of disparity between males and females and 10% level of margin taken by men's. Males comprise of 60% of the total respondents while women's constitute 40% from the total less by 10 % from men's figure.
- ✓ When we come to the age composition of MOENCO employees' individuals who are in between the age group between 25-35 takes the lion share of the respondent's age group about 45 % of respondent employees. Followed by 35-45 age group (31%) and the rest constitutes only just around 24%.
- ✓ (94%) of the study respondents of MOENCO employees are categorized as advance literate who possess either bachelor degree (52.8%) or both bachelor and master's Degree
- ✓ Most individuals start the job with in the last five years (32.6%), and employees who have worked between 5-10 years possess (43%) a considerable number of MOENCO employees have the years of experience between (11-15) years which possesses (19%) but those individuals who stay on the job for more than 15 years only accounts for 5.6 %.
- ✓ The majority are support staffs or officers (55%) followed by management level staffs (22%). Supervisors constitute about (12%) and others possess about (11%) of the employees.
- ✓ The overall data gathered was reliable by overall Cronbach aloha coefficient of 91%
- ✓ The leadership styles are valued at mean score values exceeding to (3.74) which presents a fairly high agreement of the respondents and those respondents have responded very positively about the le applying further data analysis.
- ✓ Every test of assumptions of linear regression model are satisfied such as linearity testmnormality, multicollinearity, homoskedasticiyty, correlattiona analysis ,ANOVA analysis ,model summary etc. were satisfied.
- ✓ The results of the analysis indicates that  $R^2=0.82(82\%)$  and Adjusted R square = 0.68 (68%) this indicates that 68% of the variation in the dependent variable (leadership styles) is explained by the independent variables such as transformational leadership style, transactional leadership style and laissez faire leadership styles and dependent variable which is job satisfaction.

- ✓ We have the Durbin Watson coefficient of (3.04) which is good indicator for nonexistence of autocorrelation problem.
- ✓ Transactional leadership style had had a positive affect employee job satisfaction.
- ✓ Transformational leadership style had a significant and positive effect on employee job satisfaction with values
- ✓ Laissez faire leadership style had a negative and significant effect on employee job satisfaction with values

## **5.2. Conclusion**

The study found that implementing transactional leadership style in MOENCO had a significant positive impact on employee job satisfaction. The researchers specifically found that transactional leadership style positively influenced employees' perceptions of their job security, satisfaction, and overall job satisfaction. These findings provide evidence that implementing transactional leadership style can have a significant positive impact on employee job satisfaction.

In addition, the study found that transformational leadership in MOENCO positively influenced employee job satisfaction, and mediated the relationship between organizational justice and job satisfaction. The researchers found that transformational leadership positively influenced employees' perceptions of job satisfaction and had a significant positive effect on employee job satisfaction.

On the other hand, the study found that laissez-faire leadership in MOENCO had a negative effect on employee job satisfaction. Employees who perceived their leaders as being more laissez-faire were less satisfied with their jobs, and the study found that laissez-faire leadership had a negative effect on both employee job satisfaction and organizational commitment. These findings provide evidence that laissez-faire leadership has a negative impact on employee job satisfaction in MOENCO

### 5.3. Recommendations

Based on the study findings that support positive transformational and transactional leadership styles and negative laissez-faire leadership style, some recommendations for leaders to improve employee job satisfaction:

- ✓ Provide clear expectations: Leaders should provide clear expectations and goals for their employees and communicate them effectively. This can help to reduce ambiguity and confusion, and help employees to understand their roles and responsibilities.
- ✓ Foster a positive work environment: Leaders should create a positive work environment that encourages open communication, collaboration, and mutual respect. This can help employees to feel valued and engaged, leading to increased job satisfaction.
- ✓ Provide support and feedback: Leaders should provide support and feedback to their employees, both in terms of their work and their personal development. This can help employees to feel supported and valued, and can increase their job satisfaction.
- ✓ Encourage creativity and innovation: Transformational leadership emphasizes the importance of intellectual stimulation and creativity. Leaders should encourage creativity and innovation by providing opportunities for employees to share their ideas and perspectives, and by creating a culture that values experimentation and learning.
- ✓ Recognize and reward good performance: Leaders should recognize and reward good performance by their employees. This can be in the form of bonuses, promotions, or other forms of recognition. This can help to increase employee motivation and job satisfaction.
- ✓ Avoid micromanagement: Leaders should avoid micromanagement, which can be perceived as controlling and limiting. Instead, leaders should provide guidance and support to their employees while allowing them autonomy to make decisions and take ownership of their work.
- ✓ Overall, these recommendations can help MOENCO leaders and other peer organizations to create a positive work environment that fosters employee job satisfaction. Leaders

should focus on providing clear expectations, support, and feedback, while encouraging creativity and innovation, and avoiding micromanagement. Additionally, recognizing and rewarding good performance can help to motivate employees and increase their job satisfaction

#### **5.4. Future Research Directions**

To strengthen the study, it should have included a larger sample size, including employees from multiple branches of MOENCO or even from other companies for cross-data analysis of leadership style and job satisfaction. This would have provided a stronger and more representative sample for the study. It's important to note that findings from the study conducted in Ethiopia may not be applicable to other countries or even other regions within Ethiopia due to differences in cultural, social, and economic contexts, which can affect the results.

Additionally, the study's small sample size may limit the generalizability of the findings and may not be representative of the population, leading to unreliable results. Furthermore, the study's limited scope of leadership styles may not capture the full range of leadership behaviors and approaches. The other issue the should have but failed to incorporate due to time and budget as well as scope constraint are other leadership styles such as democratic leadership styles, autocratic leadership, charismatic leadership as well as situational leadership styles. The study would have been stronger and sound if it would have included at least few of those leadership styles. The last point of limitation of the study was its data source which is dominated by primary cross sectional questionnaires, it would have been better if the study incorporated some level of focus group discussions and personal interviews to find out a better empirical result.

Despite its limitations, the study can serve as a valuable source document and point of reference for further studies on leadership styles and job satisfaction in various organizations in Ethiopia. The study can also be well recognized in higher education institutions and academic think tanks to be a source of reference in analyzing the empirical literature of the leadership styles and job satisfaction an least on the cases of MOENCO.

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## Appendices



### COLLEGE OF BUSINESS AND ECONOMICS

#### DEPARTMENT OF BUSINESS ADMINISTRATION MANAGEMENT MBA PROGRAM

I am a graduating MBA student from Addis Ababa University, and I have created a questionnaire for research on the impact of leadership styles on employee job satisfaction, specifically in the case of MOENCO. The information collected will be kept confidential and only used for research purposes.

To complete the questionnaire, please provide your personal opinion and feelings about each statement regarding job satisfaction and leadership styles. You can use a five-point scale to indicate your level of agreement or disagreement, where 5 means "Strongly Agree" and 1 means "Strongly Disagree."

Please note that some terms in the questionnaire have specific meanings, such as "Immediate Supervisor," which refers to your direct boss or manager, and "Organization," which refers to the Motor and Engineering Company of Ethiopia that you work for.

If you encounter any issues, please contact me using the provided

Address. Name: Leyuwork Eniyew

Email: leyushimels@gmail.com

**Section A. Demographic Information:**

1. Years of experience in MOENCO

A. Below 5 years                      B. 5 -10 years                      C. 11 -16 years                      D. Above 16 years

2. Age:      A. Below 25                      B. 26-35                      C. 36-45                      D. Above 45

3. Gender:                      A. Male                      B. Female

4. Your level of education

A. High School and below                      B. Diploma

C. First Degree                      D. Master's degree & Above

5. Your Position in MOENCO

A. Manager   B. Supervisor   C. Officer   D Others

The sets of statements aimed at helping you assess your feelings or perceptions of the leadership style of your immediate supervisor. You are requested to rating yourself against each statement to indicate you level of agreement with what the statement is suggesting, where the following ratings are:

5 = Strongly Agree, 4 = Agree, 3 = Moderately Agree, 2 = Disagree, 1 = Strongly Disagree

Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

No	Statement	( 1 )	( 2 )	( 3 )	( 4 )	( 5 )
<b>Transformational Leadership</b>						
1	Seeks different perspectives when solving problems					
2	Talks optimistically about the future					
3	Instills pride in me for being associated with him/her					
4	Acts in a way that builds my respect					
5	Goes beyond self-interest for the good of the group					

6	Displays a sense of power and confidence					

No	Statement	( 1 )	( 2 )	( 3 )	( 4 )	( 5 )
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**Transactional Leadership**

1	Provides me with assistance in exchange for my efforts.					
2	Re-examines critical assumptions to question whether they are appropriate					
3	Makes it clear on what one can expect to receive when performance goals are achieved					
4	Expresses satisfaction when I meet expectations.					

5	Discusses in specific terms on who is responsible for achieving performance targets.					
6	As long as things are working, my supervisors do not try to change anything					

	<b>Laissez-Faire Leadership Style</b>					
1	My immediate supervisor engages employees to be part of decision making process					
2	My immediate supervisor need to help subordinates accept responsibility for completing their work.					
3	My immediate supervisor believes people are basically competent and if given a task was do agood job.					

4	We have frequent and supportive communication with our leaders.					
5	My immediate supervisor believes it is leaders job to help subordinates find their “passion”					
6	My immediate supervisor create an environment where I take responsibility ownership of my work.					
7	My immediate supervisor includes me in decision making but retains the final decision making authority.					
8	My immediate supervisor provides me frequentand supportive communication.					

	<b>Job Satisfaction</b>					
1	How satisfied are you with the assistance of your immediate supervisor					

2	How satisfied are you with the amount of attention your supervisor pays to the work.					
3	How easy it is to communicate with your immediate supervisor.					
4	How satisfied are you with amount of information about your job/task got from your immediate supervisor.					
5	How satisfied are you with the amount of information got about the situation of the company.					
6	How satisfied are you with the amount of constructive feedback got from your immediate supervisor.					
7	How satisfied are you with amount of appreciation you got from your immediate supervisor of the work you do					
8	How satisfied are you with the level of awareness of your immediate supervisor's towards the abilities of the employees					
9	How appropriate do you find the style of your immediate supervisor directions					
10	How satisfied are you with the support you get from your immediate supervisor					

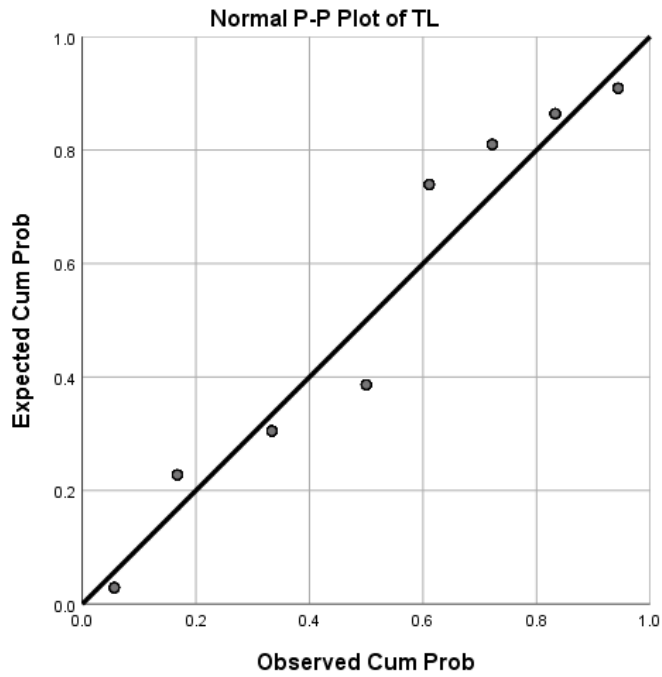
11	How satisfied are you with management style of your current immediate supervisor					
12	How do you evaluate the relationship with your immediate supervisor					
13	How do you find the knowledge of your immediate supervisor regarding all aspect of your job responsibilities					

Source: Adopted from Bass and Avolio (1993) and Helina Mesfin, 2020)

#### Reliability Analysis

Leadership Styles	Cronbach Alpha
Transformational	.874
Transactional	0.905
Laisses Faire	0.855
Job Satisfaction	0.929
Overall	0.91

#### Linearity Assumption Test



Kurtosis and skewness

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
TL	-.329	.202	-.866	.401
TRL	-.857	.202	-.584	.401
LFL	-1.017	.202	.044	.401
JS	-.669	.202	-1.028	.401
Valid N (list wise)				

Own computation and SPSS Version 26(2023)n=144

Bartlett's Test for Sphericity

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	611.272
	Df	6
	Sig.	.000

Multicollinearity Test

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	TL	.105	9.533
	TRL	.203	4.921
	LFL	.201	4.986

a. Dependent Variable: JS

Correlations Analysis Discussion

Correlations					
		JS	TL	TRL	LFL
Pearson Correlation	JS	1.000	.745	.551	.788
	TL	.745	1.000	.892	.893
	TRL	.551	.892	1.000	.780

	LFL	.788	.893	.780	1.000
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ANOVA

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	132.883	3	44.294	100.236	.000 <sup>b</sup>
	Residual	61.866	140	.442		
	Total	194.749	143			
a. Dependent Variable: JS						
b. Predictors: (Constant), LFL, TRL, TL						

Model Summary

Model Summary <sup>b</sup>											
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson	
					R Square Change	F Change	df1	df2	Sig. Change		
1	.826 <sup>a</sup>	.682	.676	.66476	.682	100.236	3	140	.000	3.048	
a. Predictors: (Constant), LFL, TRL, TL											
b. Dependent Variable: JS											

Regression Results Coefficients

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.595	.378		-1.575	.118
	TL	1.122	.238	.693	4.709	.000
	TRL	.655	.136	.510	4.827	.000
	LFL	-.613	.115	-.568	-5.335	.000

a. Dependent Variable: JS