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ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF BUSINESS LEADERSHIP

MSc in Business Leadership

**The Effect of Leadership Style on Employee's Job Satisfaction: The Case of
Dashen Bank S.C, North Addis Ababa District**

**A Research Project Submitted to the Department of Business Leadership in
Partial Fulfillment of the Requirement for Degree of Masters of Business
Leadership**

By

Ermiyas Eylachew K.

Advisor

Konjit Hailu G. (PhD).

June, 2025

Addis Ababa, Ethiopia

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Statement of Declaration

I, Ermiyas Eylachew, hereby declare that this research project, The Effect of Leadership Style On employees job satisfaction: The Case of Dashen bank S.C., which I submitted for acquiring a Master's Degree in Business Leadership, is my original work and has not been presented for any other programs by any other university or institution. Any other sources used in this project have been properly recognized.

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Date

Statement of Certification

This is to certify that Ermiyas Eylachew's research project work on the topic "The Effect of Leadership Style on employees Job satisfaction: The Case of Dashen bank S.C." is original and eligible for submission for a Master's Degree in Business Leadership.

Declared By

Signature

Date

**Addis Ababa University School of
Commerce Department of Business
Leadership**

Board of Examination Sheet

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEE'S JOB
SATISFACTION: THE CASE OF DASHEN BANK S.C.**

BY ERMIYAS EYLACHEW

Approved by the Board of Examiners:

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Internal Examiner	Signature	Date
_____	_____	_____
External Examiner	Signature	Date

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ABSTRACT

The purpose of this study was to analyze the effect of leadership style on employee's job satisfaction: the case of dashen Bank. On the literature review, five key leadership styles (Transformational, Transactional, Democratic, servant and Laissez-faire leadership styles) are identified as independent variables. The study used descriptive and explanatory research design and adopted a quantitative research approach. Data is collected through a self-administered questionnaire from sample employees of 230 that were selected from north Addis Ababa district of the bank using convince and simple random sampling technique. The collected data analyzed by using the Statistical Package for Social Sciences (SPSS v27) software. The relationship between the independent variables (Leadership styles) and dependent variable (employee's job satisfaction) is proven by using correlation and multiple regression analysis. The dominant leadership style practiced in the bank is transformational leadership followed by Transactional, Democratic, servant and Laissez-faire leadership styles. The finding also revealed that except Laissez-faire leadership style which has positive but insignificant effect on employee's job satisfaction the other four leadership style namely, Transformational, Transactional, Democratic and Servant leadership styles have a strong association, significant and positive effect on employee's job satisfaction at dashen Bank. Following the finding the study recommended that the bank's management should apply more of the four leadership style other than Laissez-faire leadership style as needed in order to increase employee's job satisfaction.

Keywords: *(Leadership style, job satisfaction, Transformational leadership, Transactional leadership, democratic leadership, servant and Laissez faire leadership styles)*

List of Abbreviations

DL = Democratic leadership

EJB = Employee Job Satisfaction

LL = Laissez-faire leadership

SL= Servant Leadership

St. Dev = Standard Deviation

SPSS = Statistical Package for Social Science

TL = Transformational Leadership

TRL= Transactional Leadership

VIF = Variance inflation factor

CHAPTER ONE

INTRODUCTION

1. Background of the Study

Even though we may all be leaders in different contexts especially in this dynamic world what counts most is the leadership style that each of us has used. Employee satisfaction was a matter of many achievements or survival to meet organizational objectives in this way with relation to businesses and competition. People are one of the most valuable resources that each organization employs to achieve its objectives. Therefore, having strong managers, leaders, and staff members is crucial to achieving the organization's mission and vision. The leader's approach and attitude toward the staff would determine whether they were successful, achieved, or disappointed (Daniel F. Pinnow 2011).

It's getting harder to manage the twenty-first century (Kebede & Demeke 2017). A dynamic workplace, intricate organizational procedures, a challenging economic climate, and escalating rivalry are just a few of the difficulties that managers and leaders must deal with. With the correct leadership, a business may overcome the complex array of obstacles created by the information economy, the rise of social media, new technology, increasing transparency, rising employee and consumer demands, and worries about natural resources (Kebede & Demeke 2017). Effective leadership and employee job satisfaction are two elements that have been found to be essential to an organization's success (Voon et al., 2011). Leadership determines job satisfaction.

It affects employee motivation and satisfaction, which both directly and indirectly affect an organization's performance. Therefore, improving management and leadership abilities should be a top priority for any firm hoping to succeed in the long run (Kebede & Demeke 2017). Today's leaders have a different role in organizations, and their leadership practices are crucial to the success of any given company. Within one or more cover structures, their unique attributes, situations, or a combination of these and other factors draw followers who trust them as leaders. The emergent leader uses influence or power in place of the positional authority of a chosen head or chief.

Since people are complex in the organizations but the pattern of leadership style will make an impact and influence to bring a change in behavior through time (Mintzberg, 2010).

Job satisfaction is a fundamental concern in the global workforce. According to a 2021 International Labor Organization study, only 15% of employees are happy and enthusiastic about their jobs. Leaders who set reasonable objectives, communicate clearly, and actively involve staff in decision-making are said to have higher job satisfaction (Northouse, P. G., 2018). On the other hand, poor leadership can lead to discontent, high personnel turnover, and low morale (Saks and Gruman 2014).

According to several academics, African leadership styles are often characterized by a focus on empowerment, community, and adaptation (Ajogbor et al. 2019). Transformational, servant, Ubuntu-inspired, participative, and adaptive leadership styles are the methods that are most frequently used. According to Ajogbor et al. (2019), these strategies improve worker empowerment, engagement, and well-being, all of which contribute to greater job satisfaction.

Researchers from various industries (public university, revenue authority) in Ethiopia have examined the impact of leadership styles on employee's job satisfaction (Kebede & Demeke 2017, Negussie, N. 2013). The banking sector has experienced steady growth and relies on its workforce to thrive in this cutthroat market. Leadership style is a significant factor that affects employee's job satisfaction (Voon et al. 2011). Therefore, the main objective of this research is to ascertain how leadership styles affect employee's job satisfaction in the banking sector of Ethiopia, with a focus on the dashen Bank north Addis Ababa district.

1.1 Background of the Organization

Dashen Bank Share Company was established in September 1995 by eleven Ethiopian shareholders, mainly bankers and business professionals, with an initial paid-up capital of ETB 14.9 million. Its name is inspired by Mount Ras Dashen, the country's tallest peak symbolizing ambition and resilience. Headquartered in Addis Ababa, the bank has grown rapidly, establishing a large network of branches across the nation, with more than 900 branches as of recent years. With a bold and innovative aspiration to be "Best in class Bank in Africa," it often leads the charge in introducing new technologies to the market, and is among the biggest private Banks in Ethiopia

Dashen Bank has built a strong reputation for innovation in the Ethiopian financial sector. It was among the first to introduce international card banking services and more recently launched a chat-based SuperApp, reflecting its commitment to digital transformation. The bank serves individuals, businesses, and institutions, and it's a key player in supporting SMEs (small and medium enterprises).

Dashen Bank is known for its adaptability, customer-centric approach, and strong partnerships with global financial service providers.

1.1 Statement of the Problem

One of the most important components of every organization is thought to be its human resources. One of the main elements that could improve human resources is job satisfaction (Al-Mahitta et al., 2021). Employee performance in enterprises is effectively influenced by job satisfaction (Abayomi, 2020). It can foster innovation and enhance employees' work experiences and organizational results (Abidakun & Ganiyu, 2020). According to Ali et al. (2018), job satisfaction can also boost individual efforts, enhance employees' competencies and communication skills, and aid in retention, all of which can contribute to an organization's growth.

Previous research has connected a variety of external elements to job satisfaction, including leadership style, which can influence how employees view and feel about their jobs (Batugal & Tindowen, 2019). Strong links between leadership style and job satisfaction have been shown in numerous research conducted in various countries, suggesting that leadership styles may have an impact on employee's job satisfaction levels (Buil et al, 2019). Lack of knowledge about these leadership styles and how they impact employees' job satisfaction could have had a number of negative repercussions on the workplace (Cansoy, 2018).

Numerous external factors can impact job satisfaction, but leadership style is one of the most important ones that firms should take into account. Numerous studies have examined the relationship between leadership style and employee's job satisfaction in businesses, and the results show a strong correlation between the two (Nam & Park, 2019). However, different researchers have disagreed about how much each leadership style affects workers' job satisfaction. According to (Epitropaki & Martin 2005), workers choose transformational leadership's inspiring and considerate elements. Conversely, some research has shown that a transactional leadership style also promotes job and career satisfaction among employees (Jansen, Vera, & Crossan, 2009).

Furthermore, scholars such as Ali et al. (2013) and Riaz and Haider (2010) have asserted that job satisfaction is strongly correlated with both transformational and transactional leadership styles. Only the transformational leadership style has been shown to have a significant and strong correlation with job satisfaction by other researchers (Voon et al. 2011, Kebede & Demeke 2017). They also noted that the two other leadership styles transactional and laissez-faire have no discernible impact on employee's overall job satisfaction. The actual impact of the three leadership styles on employee's job satisfaction is still unknown based on these studies.

Organizations and future academics must clarify the current theoretical ambiguity on the impact of leadership styles on employee's job satisfaction. Furthermore, there are conflicting results from empirical research regarding how the three leadership styles affect employee's job satisfaction. These misunderstandings prompt the researcher to add other leadership styles to the study. Prior research conducted in Ethiopia has looked at how leadership styles affect employee's job satisfaction in a variety of industries, including healthcare and education (Demeke & Kebede 2017, Mesfin. H. 2020).

To the best of the researcher's knowledge, evidence is not enough in Ethiopia, particularly in the banking industry. More Specifically no previous researches have been directly addressed on how leadership styles affect employee's job satisfaction on dashen bank.

As a result, by analyzing the effect of leadership styles on employee's job satisfaction at dashen bank, this study seeks to fill a research gap by addressing a research void. At the moment, Ethiopia's banking sector is significantly more competitive with around 29 banks and due to the opening of new banks and the extensive ownership of branch extensions by existing banks. The banking industry specifically Dashen Bank has to realize the effect of leadership styles practiced in the bank as per the banks report in internal sources the bank is implementing the 5th strategic plan and its effect should be assessed, if not, in the long run, the bank will be very challenged to maintain its rank in the current competitive environment of the banking industry in Ethiopia. Therefore, before having an adverse effect of this problem, it is better to research the effect of leadership styles on employees' job satisfaction.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study is to examine the effect of leadership styles on employees' job satisfaction in the case of Dashen Bank North Addis Ababa District.

1.3.2 Specific Objectives

The specific objectives of the study are:

- To assess the dominant leadership style at Dashen Bank SC.
- To determine the relationship between leadership style and employee Job satisfaction (Transformational, Transactional, Democratic, servant and Laissez-faire each of them with employees job satisfaction).
- To compare the effects of leadership style (Transformational, Transactional, Democratic servant and Laissez-faire,) on employees job satisfaction.

1.4 Research Questions

The following questions answered on this research

- What type of leadership styles are predominantly used in Dashen Bank SC.?
- What is the relationship between leadership style and employee's job satisfaction in Dashen bank S.C?
- How does each leadership style (Transformational, Transactional, Democratic servant and Laissez-faire,) influence employee's job satisfaction compared to each other?

1.5. Research Hypothesis

The following hypotheses are developed to examine the effect of leadership style on employee's job satisfaction.

H1: Transformational leadership style significantly and positively affects employee's job satisfaction.

H2: Transactional leadership style significantly and positively affects employee's job satisfaction.

H3: Democratic leadership style significantly and positively affects employee's job satisfaction.

H4: Laissez faire leadership style significantly and positively affects employee's job satisfaction.

H5: Servant leadership style significantly and positively affects employee's job satisfaction

1.6 Scope of the Study

Content-wise, from the different types of leadership style this study aimed to show the relationship between the leadership styles on employees' job satisfaction. Since we are dealing with the modern era of businesses

and banking systems, the researcher selected to research leadership styles (Transformational, Transactional, democratic, servant and laissez-faire,) which are lately introduced in leadership theories and their effect on employees' job satisfaction. Geographically, this study is delimited to, dashen Bank north Addis Ababa district. In terms of methodology, the study is based on questionnaires and applied a quantitative approach along with an explanatory and descriptive research design.

1.7. Limitations of the Study

This study undertake to assess the effect of leadership style on employee's job satisfaction, Dashen Bank North Addis Ababa district. The scope of the study is bounded by geographical, time and human resource management. So that the focus area of this study is only to assess the effect of leadership style on employee's job satisfaction, Dashen Bank North Addis Ababa districts. Hence, due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all employees. On the other hand, as the research is undertaken along with the researcher's daily activities, there might be limitations on the data collection and analysis of the findings mainly due to time constraints and budget.

1.8 Significance of the Study

This study holds significant implications for both the researcher and the organization by providing a deeper understanding of the relationship between leadership styles and employees' job satisfaction. First, it will help the organization to understand the true influence of leadership styles and guide the organization to implement a leadership style that contributes to the overall organizational success by positively affecting employees' job satisfaction. Second, it will aid the organization's decision-makers and management in enhancing workforce satisfaction which can lead employees to have a higher level of engagement, commitment, and loyalty toward their organization. Lastly, from this research employees will benefit by having a motivating and positive work environment which leads to increased job satisfaction.

1.9. Organization of the Study

This study will contain five chapters. The first chapter provides an introduction to the study. It contains the background of the study, statement of the problem, research questions, objectives of the study, Scope, and Limitation of the Study, and significance of the study. The second chapter will deal with the literature review of the study. In this part literature related to theories of job satisfaction and job satisfaction will be reviewed. Moreover, the conceptual framework of the study will be presented. The third chapter will explain the research methodology, the type and design of the study, the population and sampling of the study, the procedures of data collection, and the data analysis techniques. The fourth chapter will be about the presentation, analysis, and interpretation of the collected data. Finally, in chapter five, a summary of findings, the conclusion of the study and the researcher's recommendations will be presented and discussed.

CHAPTER TWO

REVIEWS OF RELATED LITERATURE

The reviews of related literature on the concept of leadership, leadership styles, job satisfaction, the effect of leadership styles on employee job satisfaction, and a conceptual framework drawn to show the relationship between the dependent and independent variables are included in this chapter.

2.1 Theoretical Literature

2.1.1 Definition and Concept of Leadership

Leadership is one of the most important and vital components in enhancing organizational performance, claim Riaz and Haider (2010). Any organization's leaders must work as hard as they can with limited resources in order to keep a competitive edge.

Because of this, several academics have concluded that an organization's leadership is one of the most crucial elements in preserving and expanding its competitive edge over its rivals (Riaz and Haider, 2010). From ancient times to the present, leadership has been seen as a human-driven phenomenon.

The term "leadership" has been defined in a variety of ways by different people. The concept of guiding followers to achieve a certain achievement has been defined in a variety of ways, indicating a variety of factors (Khan et al., 2016).

Rousselle, Russell, and Swansburg (2006) define leadership as a dynamic, interactive process that involves the ability to inspire and encourage individuals or a group to work together to achieve common goals and missions by employing appropriate tactics.

Leadership, according to Kondalkar (2007), is the art or practice of persuading others to work voluntarily and enthusiastically toward the accomplishment of collective objectives. According to Northouse (2018), leadership is an engagement process in which a leader tries to persuade followers to pursue a common objective.

2.1.2 Leadership Theories

In the first part of the 20th century, there was a sharp increase in scholarly interest in leadership, and there are now eight fundamental theories of leadership. Later theories also examined other elements, including situational concerns and aptitude levels, while early ideas concentrated on the characteristics that set leaders apart from followers (Charry, 2012).

2.1.2.1 Maslow's Hierarchy of Needs

Maslow's Hierarchy of Needs can be applied to leadership by understanding how leaders can motivate and support their team members at different levels of need (Abraham Maslow, 1954).

The Five Levels (Pyramid Structure)

1. Physiological Needs

- Basic survival requirements: Food, water, air, sleep.
- Leadership/Workplace Application: Fair wages, rest breaks, ergonomic workspaces.

2. Safety Needs

- Security, stability, freedom from fear: Job security, health insurance, safe environment.
- Leadership Application: Clear policies, anti-discrimination measures, conflict resolution.

3. Love/Belonging Needs

- Social connections: Friendship, family, intimacy, teamwork.
- Leadership Application: Team-building, inclusive culture, mentorship programs.

4. Esteem Needs

- Self-respect and recognition: Achievement, status, confidence.
- Leadership Application: Praise, promotions, skill-development opportunities.

5. Self-Actualization

- Fulfilling one's potential: Creativity, problem-solving, personal growth.
- Leadership Application: Challenging projects, autonomy, lifelong learning support.

Meeting basic needs (fair pay, safety).

- Building trust and belonging (team culture).
- Boosting confidence and growth (autonomy, challenges).

2.1.2.2 Herzberg's Two-Factor Theory

Employee motivation is influenced by two distinct sets of factors—**hygiene factors** (prevent dissatisfaction) and **motivators** (drive satisfaction and performance) (Frederick Herzberg, 1959).

1. Hygiene Factors (Dissatisfiers)

- Extrinsic, job-context elements that, when absent or inadequate, cause dissatisfaction.
 - Salary, job security, company policies, work conditions, supervisor quality.
- **Leadership Implications:**
 - **Poor leadership** (e.g., micromanagement, unfair policies) amplifies dissatisfaction.
 - Leaders must ensure **basic needs are met** to avoid demotivation (parallel to Maslow's lower-level needs).

2. Motivators (Satisfiers)

- Intrinsic, job-content elements that foster engagement and high performance.
 - Achievement, recognition, responsibility, growth, meaningful work.
 - Transformational leaders excel here by:
 - Providing autonomy and challenging tasks (aligns with self-actualization).
 - Offering praise, promotions, and skill development (esteem needs).

2.1.2.3 Contingency Theories

According to the theories of contingency, no leadership style is exact when applied alone because it depends on a number of variables, including the followers' circumstances and quality. According to this theory, there is no one right way to lead since a leader must adapt to the unique situation depending on the environment's internal and external factors (Khan et al., 2016). While situational theorists believed that the subordinates were crucial in

defining the connection, contingency theorists believed that the leader was the center of the leader-subordinate interaction. Situational leadership generates the importance of the focus on the group dynamic even if it primarily highlights the leader (Khan et al., 2016).

2.1.2.4 Situational Theory

Situational leaders are renowned for providing the right direction and task assistance to their subordinates so they can achieve their objectives. In order to overcome obstacles, a leader of this kind must also act swiftly. As a result, there is a tenable connection between this and the growth in worker productivity. Wright and Cnaff (2013). According to the situational leadership theory, a leader's approach should be based on how mature their subordinates are (Bass, 1995). The situational leadership concept, which was first presented in 1969, postulated that there is no one best method to lead and that effective leader must be able to change their approach from task-oriented to relationship-oriented depending on the circumstances.

2.1.2.5 Behavioral Theory

The behavioral theory suggests that each person has a unique style of leadership with which he or she is most satisfied, while also acknowledging the importance of certain essential leadership skills that act as enablers for a leader who performs an act while drawing a parallel with a previous capacity of the leader, prior to that particular act (Khan et al., 2016). Just as one style does not work for everyone, it also does not work for everyone. Yukl (2002) presented three distinct approaches to leadership.

The employees serving with democratic leaders displayed a high degree of satisfaction, creativity, and motivation; working with great enthusiasm and energy irrespective of the presence or absence of the leader; and maintaining better connections with the leader, in terms of productivity whereas, autocratic leaders mainly focused on greater quantity of output. Laissez-faire leadership was only considered relevant while leading a team of highly skilled and motivated people who excellent track records, in the past.

2.1.2.6 Participative Theory

Active group leaders encourage participation and contributions from their followers, giving them a sense of

significance and ownership over the decision-making process. The goal of participative leadership is to involve a range of individuals in the decision-making process. This encourages commitment and improves collaboration, which results in better decisions (Lamb, 2013).

2.1.2.7 Transactional/Management Theory

By the late 1970s and early 1980s, leadership theories had begun to shift away from the particular viewpoints of the leader, the leadership setting, and the follower and toward methods that focused more on the interactions between leaders and followers.

According to House and Shamir (1993), transactional leadership is characterized by relationships between leaders and followers that are based on a number of agreements between the two parties. The foundation of the transactional theory was reciprocity, according to which leaders both influence and are influenced by their followers. Some studies revealed that transactional leadership shows a discrepancy concerning the level of leaders actions and the nature of the relations with the followers. Transactional theories focus on group dynamics, organization, and the role of supervision that is, the interactions that take place between leaders and followers. These ideas center leadership on a system of reward and punishment (Charry, 2012).

2.1.2.8 Relationship/Transformational Theory

Since transformational leadership involves followers' participation in processes or activities related to personal factors toward the organization and a course that will yield certain superior social dividends, it stands out from other contemporary and previous theories due to its alignment with a greater good. According to House and Shamir (1993), transformational leaders increase the morale and motivation of both their followers and themselves.

Transformational leaders are thought to interact with followers on the basis of shared values, beliefs, and

objectives. This impacts the performance leading to the attainment of a goal. As per Bass, a transformational leader, attempts to induce followers to reorder their needs by transcending self-interests and strive for higher order needs. This theory conforms the Maslow's (1954) higher-order needs theory.

A training that focuses on attitudes, values, and beliefs that educate leaders' behaviors and their ability to lead change is called transformational leadership. By assisting group members in realizing the significance and greater good of the job, relationship or transformational leaders motivate and inspire others. High moral standards and ethical ideals characterize these leaders, who prioritize everyone's potential as well as group members' performance (Charry, 2012). Relationship theories are sometimes contrasted with theories of charismatic leadership, which hold that leaders who possess specific traits such as confidence, extroversion, and principles that are unambiguously expressed are best suited to inspire followers (Lamb, 2013).

2.1.3 Leadership style

According to Nam and Park (2019), a leader's style is determined by the way they engage with their subordinates. Organizations and industries have different leadership philosophies. The majority of leaders modify their approach to leadership in response to the needs and conditions of their workplace (Zahari & Shurbagi, 2012). Additionally, different circumstances call for different leadership philosophies (Khan et al., 2016). Although the earlier leadership techniques provided some insight into the notion of leadership and leadership effectiveness, they were unable to provide conviction regarding the definition of leadership and its efficacy (Hoy & Miskel, 2001).

The need for the best leadership style, filled with capabilities to improve the performance of organizations, became pertinent, and the new leadership perspectives: charismatic and transformational theories emerged. These new leadership approaches are fundamental to people-organization transformation to accomplish set organizational goals (Sashkin & Sashkin, 2003).

2.1.3.1 Transformational Leadership and Job Satisfaction

Bernard M. Bass, a researcher, developed the highly successful leadership concept known as transformational leadership in 1985. Transformational leadership seeks to create long-lasting, self-sustaining, and momentum-building transformations in individuals and organizations, according to Bass (1994). It also seeks to clarify

objectives, increase insight, understanding, and vision, and match actions to beliefs, values, or ideals. As a result, employees of transformative leaders could have a different perspective on possibilities and difficulties at work. In addition to satisfying performance criteria, leaders work to maximize their team members' creative thinking and personal, collective, and organizational development. They support their colleagues in achieving their greatest potential and in upholding higher moral and ethical standards.

There are four dimensions of transformational leadership namely idealized influence, individualized consideration, intellectual stimulation, and inspirational motivation (Avolio, Bass, and Jung, 1994).

Idealized Influence/Charisma: It is the attribute of a leader that inspires followers to take their leader as a role model. Charisma is an alternate term that replaces idealized influence. Idealized influence creates values that inspire, establish sense, and engender a sense of purpose among people. Idealized influence is inspirational in nature. It builds attitudes about what is significant in life

Inspirational Motivation: Developing the consciousness of followers, aligning them towards the organizational mission and vision, and motivating others to understand and pledge to the vision is a key dimension of the transformational leadership style of inspirational motivation. Inspirational motivation targets the principle of organizational existence, instead of the personality of the leader” (Bass & Avolio, 1994). Instead of suffocating employees, a leader with this style encourages the employees in the organizational pursuit drawing the best out of them (Khan et, al. 2016).

Intellectual Stimulation: Leaders with characteristics of intellectual stimulation are those who intellectually stimulate followers, rise creativity and accept challenges as part of their job. They maintain their emotional balance and rationally deal with complex problems. They cultivate similar skills in their workers as well. They develop problem-solving techniques in the followers for making complex decisions, reflecting a mutual consensus between leaders and employees. The intellectual stimulation leadership approach projects in large measure the mentoring, coaching, morale-building strengths of individualized consideration. Both leadership approaches build organizational skills as well as character, similar to caring leadership behaviors that coach and challenge (House and Shamir, 1993).

Individualized Consideration: involves enthusiastically listening and accommodating team members’ personal needs for growth, learning, and recognition. Individual consideration concerns the degree to which leaders treat followers as individuals in mentoring and coaching them. They develop appropriate personal relationships with

members and give personal attention without discriminating, helping them to achieve their goals (Bass, 1985; Bass and Avolio, 1990).

2.1.3.2 Transactional Leadership and Job Satisfaction

Conversely, a transaction is an exchange; hence, the interaction between leaders and their followers is the focus of transactional leadership. This is a leader-follower exchange-based leadership style, according to Shrestha 2019, where the leader rewards or punishes the follower for completing a task and expects the follower to be productive, diligent, and loyal in return.

In order to convince their followers to behave in a way that suits them, transactional leaders utilize control techniques and are self-interested (Gina & Henry, 2018).

Such leaders become less engaging and less appealing, perform in a mediocre way when transacting with subordinates by rewards concentrated on realizing the work achieved, tend to concentrate on their subordinates' mistakes, prefer to delay their decision-making, and avoid interfering until something has happened.

Hence, according to (Shrestha, 2019), more employees leave when they have a transactional leader than when they are under a transformational leader. Furthermore, transactional leadership is an exchange-based relationship wherein self-interest is dominant. Transactional leaders work within their organization's culture and follow existing rules, procedures, and operative norms (Nam& Park, 2019). Transactional leadership relies on the use of appropriate rewards to motivate followers (Nam& Park, 2019). It also emphasizes the completion and accomplishment of allocated tasks. This type of leader maintains and preserves harmonious working relationships with promises of handing out rewards for satisfactory performances (Nam& Park, 2019). Furthermore, this leadership style is focused on leader-follower exchanges in which followers or subordinates are expected to carry out his/her duties and perform according to the given instructions. This is in contrast to a non-transactional kind of leadership style characterized by continued neglect of one's responsibility and non-exercise of authority as well as delayed decision-making (Kalsoom & Zubair, 2018). Compared to transformational leadership, transactional leadership comprises three factors or dimensions (Bass and Avolio, 1994).

These three elements are management-by-exception (passive), management-by-exception (active). The foundation of contingent reward leadership is the interchange of money and emotions. Role requirements are made clear, and desired results are rewarded or praised. When management-by-exception is in effect, the leader

keeps an eye out for departures from the norm and takes appropriate action. Similar to management-by-exception active, management-by-exception passive leaders do not take action until deviations occur (Khan et al., 2016).

2.1.3.3 Servant Leadership style

A person who practices servant leadership interacts with others to gain authority rather than power, whether in a managerial or collaborative capacity. Serving employees should be a top priority for managers, according to Greenleaf (quoted by Greenberg, 2013). Maintaining a healthy workplace environment can be achieved most effectively by offering services that meet the needs of employees. This way of thinking views leaders as existing to meet the needs of team members rather than subordinates as existing to serve them.

Additionally, Greenleaf (cited by Greenberg, 2013) asserts that managers ought to put employee service first. Maintaining a healthy workplace environment can be achieved most effectively by offering services that meet the needs of employees. This way of thinking views leaders as existing to meet the needs of team members rather than subordinates as existing to serve them.

2.1.3.4 Democratic Leadership

Democratic leadership is a kind of leadership style in which members of the group play a more participatory part in the decision - making process. Success and people are the subjects of this leadership style (Bhargavi & Yaseen, 2016). Democratic leadership encourages staff to engage in the company's decision-making process (Nwokocha & Iheriohanma, 2015). The democratic leader helps the leader and the team to share decision-making. Arguments and compliments are offered critically and within the community a sense of responsibility is created. Until issuing general or specific orders through which subordinates feel free to act, the leader communicates with subordinates (Bhargavi & Yaseen, 2016). The superior encourages the subordinates to take advantage of their initiative and continue to contribute.

The leaders even give their subordinates advice on how to carry out their duties. Democratic leadership is characterized by the following: group members feel more involved in the process, creativity is encouraged and rewarded, team members are able to share ideas and opinions, and the leader has the last say over decisions. There are several advantages to democratic leadership. In order to generate better ideas and more creative issue

solving, subordinates are encouraged to share their experiences on social media (Sadia & Aman, 2018). Additionally, employees will be more involved and committed to initiatives, which will increase their likelihood of being concerned about the current state of the project.

Democratic leadership style is perceived to result in better productivity among members of the group. Democratic leadership performs best in conditions where members of the group are informed and willing to share their expertise. It is also vital that there is plenty of time to allow people to contribute, formulate a plan and afterwards decide on the best approach.

2.1.3.5 Laissez-Faire Leadership Style

As the opposite of transactional leadership, laissez-faire leadership concentrates on assisting staff members in resolving the issues they encounter on a daily basis. Many scholars consider laissez-faire leadership to be a non-leadership management method because of its passive component, which has led to criticism of the approach's inefficiency in the literature.

By avoiding accountability and decision-making, managers that choose this leadership style do not assist their staff. In this way, they have a detrimental impact on the organization's members' mental well-being. When faced with a major crisis, employees are unable to get enough aid, which might have a negative psychological impact on them (SÜRÜCÜ L. and SAĞBAŞ M. 2020).

According to recent studies, laissez-faire leadership reduces work confidence and raises workplace stress and bullying (SÜRÜCÜ L. and SAĞBAŞ M. 2020). Apart from these psychological impacts, research indicates that it has a negative correlation with job satisfaction, stress, burnout, and emotional tiredness. Additionally, some studies have demonstrated that employees who experience laissez-faire leadership suffer psychologically. Laissez-faire leadership is thought to have a detrimental impact on job satisfaction because of its detrimental consequences on workers' psychological and general well-being. According to DeRue et al. (2011)'s research, which supports the literature, job satisfaction is adversely impacted by laissez-faire leadership. With a laissez-faire leadership style, the group's activities are still accountable to the leader, but their authority to make decisions is diminished. It gives workers or employees more autonomy in making decisions. Additionally, it refers to a negligent principle in which management has subscribed to a non-interference policy that provides subordinates unlimited autonomy (Omolayo, 2007). It functions best in organizations with highly decentralized

organizational structures and workers who are motivated and capable of making their own decisions (Jalagat & Dalluay, 2016).

This leadership style is so dependent on the judgments made by the subordinates that the management hasn't established a timeline for reaching a sensible and accurate conclusion (Skogstad, Matthiesen, & Einarsen, 2007). The main advantage is that subordinates have more time to make the best choices if the members are sincere about their tasks. However, this leadership method has additional disadvantages. Lack of guidance from management may cause subordinates to make bad decisions, which could have a catastrophic impact on the business's operations (Jalagat & Dalluay, 2016).

2.2 Job Satisfaction

2.2.1 Definitions and Concepts of Job Satisfaction

Job satisfaction is one form of organizational behavior that exhibits varying reactions to a given activity. Because both rely on an individual's level of pleasure, it attracts both positive and bad energy from their social and personal lives (Fayzhall, 2020).

According to Prameswari (2020), job satisfaction is a favorable emotional state derived from one's experience or employment. Workers' attitudes toward their work are influenced by their actions, convictions, and feelings (Kalsoom & Zubair, 2018).

If workers believe their occupations are gratifying and satisfying, they are seen as content with them, and employee satisfaction is typically regarded as a crucial element of organizational success (Shrestha, 2019). "Job satisfaction is a collection of feelings and beliefs that people have about their current jobs," according to George and Jones (2008), p. 78. Extreme job contentment and extreme dissatisfaction are two extremes of people's job satisfaction.

In addition to having attitudes about their jobs as a whole, people also can have attitudes about various aspects of their jobs such as the kind of work they do, their co-workers, supervisors, subordinates, and their pay". According to Robbins (2009, p. 301), the concept of job satisfaction pertains to an individual's overall perspective of their employment. When it comes to their jobs, people who are happy with their jobs have positive attitudes, whilst those who are unhappy with their jobs have negative attitudes. In general, Robbins

defined job satisfaction as the whole perspective of attitude towards work. Gina et al. (2018) defined job satisfaction as “positive feelings that an employee feels towards work.”

Furthermore, Cubay (2020) defined job satisfaction as the feeling of enjoyment originating from performing a job and the motivations related to an organization. In other words, job satisfaction is the primary internal emotion resulting from a variety of workplace-related aspects. In line with all these definitions, it is clear that job satisfaction is a psychological situation that reflects the positive feelings of the employee towards their job. Job satisfaction can be divided into three major aspects: extrinsic, intrinsic, and general job satisfaction.

The scales of extrinsic and intrinsic satisfaction scales are obtained from the theory proposed by Herzberg. Intrinsic satisfaction is related to motivators, such as job contentment and working with others. Extrinsic job satisfaction is associated with certain aspects, such as company policies, compensation, and supervision (Shrestha, 2019).

2.2.2 Factors Affecting Job Satisfaction

Job Satisfaction is influenced by a variety of factors, and identifying these aspects can assist increase job satisfaction. According to Maslow's hierarchy and Herzberg's theory, these elements fall into two major categories: internal and external motives (Masa'deh, 2016). These incentives may occasionally have detrimental consequences on job satisfaction, resulting in unusual responses from workers in a company (Hutagalung et al., 2020). Additionally, managers may better control and restrict the negative consequences of incentives that turn satisfaction into dissatisfaction by understanding the internal and external causes. Employee performance may also be impacted by these incentives (Jabbar, 2018).

According to earlier research, both external and internal elements are crucial for guaranteeing job satisfaction (Jabbar, 2019). These elements come from a variety of sources. Internal factors, on the one hand, are psychological and personal values.

Conversely, environmental (outside of an individual) elements are the source of external influences. External influences might vary depending on certain circumstances and are derived from the environment (Kalsoom & Zubair, 2018). Leadership style is one of the key external elements that organizations should take into account and encourage (Kheir-Faddul, & Dănăiață, 2019). The failure to consider various leadership styles could result

in pervasive issues that require a long time to fix. One of the primary issues that can result in employee discontent is improper implementation (Kafui, 2017).

2.3 Review of Empirical Studies

The results of Demeke and Kebede's (2017) study, which looked at how leadership styles affected workers' job satisfaction in a few Ethiopian public universities, indicated that only transformational leadership had a significant effect on workers' job satisfaction; the other two leadership styles had negligible effects. Based on these results, they advise top academic administrators to discover transformational leaders within their institutions so that these leaders can assist in mentoring and training future leaders.

According to the study conducted by Voon, et al, (2011) on the influence of leadership styles on employees' job satisfaction in public sector organizations in Malaysia, the result showed that transformational leadership style has a positive and significant effect on job satisfaction whereas transactional leadership style has an insignificant effect on job satisfaction in government organizations.

The results of this study indicate that transformational leadership has a greater impact on followers' satisfaction than transactional leadership. The findings of this study also imply that the public sector may need to improve employee satisfaction with pay, policies, and working conditions in order to boost organizational commitment. According to the findings of a study conducted by SÜRÜCÜ L. and SAĞBAŞ M. (2020), which looked at how leadership styles affected employee's job satisfaction in the hospitality sector of Turkey, transformational leadership had a positive and significant impact on employee's job satisfaction. However, even though it showed a lower value than transformational leadership, the study also found that transactional leadership had a positive and significant impact on workers' job satisfaction. However, the result showed that laissez-faire leadership does not affect job satisfaction.

In another research conducted by Ali, A. Y. S., Sidow, M. A. & Guleid, H. S. (2013) in public universities of Mogadishu, the target population of this study consisted of 60 instructors from selected universities in Mogadishu. The result of this study showed that both leadership styles (transformational and transactional) have a positive and significant impact on employees' job satisfaction.

Explanatory research done by Riaz, & Haider (2010) on the effect of leadership styles on job satisfaction in private sectors in Pakistan, the findings of this study shows that both transformational leadership style and

Transactional leadership style are found positively and significantly related to job satisfaction and career success. Based on the findings, they recommend that the transformational leadership style being desirable in different situations should also be facilitated with transactional leadership where applicable. Positive rewards like praise, recognition, and benefits need to be provided in a personalized way to sustain performance.

2.4. Conceptual Framework

A survey of the literature on the current understanding of leadership styles and job satisfaction was done in order to determine the association between the five leadership styles and employees' job satisfaction. The study's goals and a review of the literature were used to develop the conceptual framework. In this study, job satisfaction is the dependent variable, and the five leadership styles —transformational, transactional, democratic, servant, and laissez-faire leadership—are the independent variables. Hassan (2019) lists transformational leadership, transactional leadership, democratic leadership, servant leadership, and laissez-faire leadership as the most often cited leadership styles. The aforementioned leadership types are the main topic of this project. The reason behind choosing these leadership styles, according to Hassan (2019), is because they are the most common leadership styles practiced across the globe. Moreover, the researcher believed the selected leadership style can represent the leadership style practiced in dashen bank.

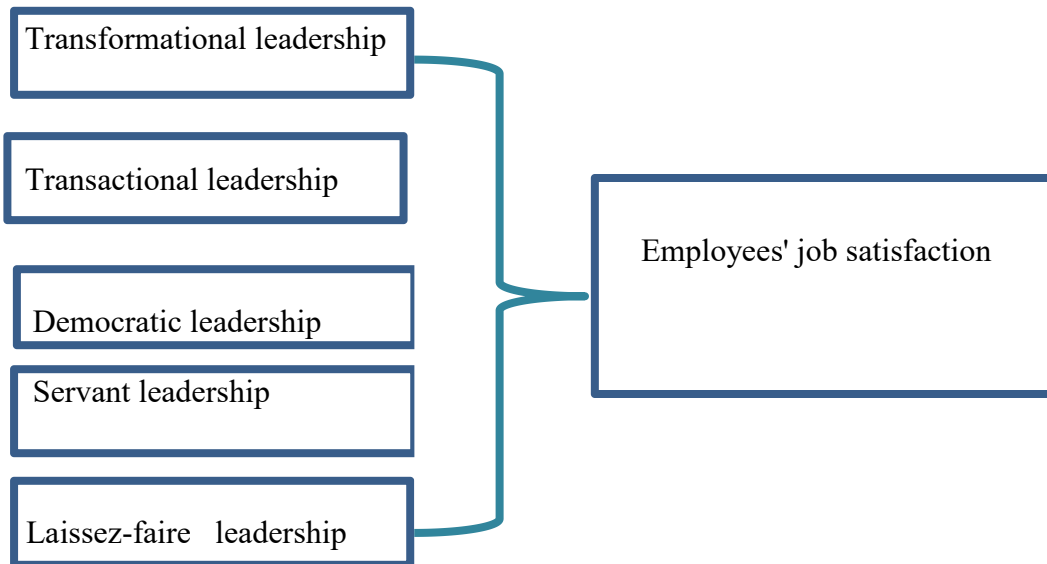


Figure 1: Conceptual Framework of the Research

Source: Taken from Hassan (2019) and modified by the Researcher

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter will presents the research design, source of data, method and tools of data collection, target population, sample size and sampling technique, and method of data analysis.

3.2 Research Design

According to Kothari (2004), a research design is the setup of parameters for data collection and analysis with the goal of balancing procedural economy with relevance to the study's goal. Both descriptive and explanatory research approaches were used in the study to evaluate how leadership style affected employee's job satisfaction. It is preferable to link concepts, comprehend the cause and effect of something, or provide an explanation of what is happening, which is why explanatory research designs are used. The primary goals of descriptive research are to characterize certain viewpoints or ideas and investigate the connections and differences among pertinent factors by analyzing a sizable sample of the general population (Lee & Ling, 2008). According to Cresswell (2003) descriptive study design allows a researcher to gather information, summarize, present data and interpret it for the purpose of clarification in simple statistics measurement.

3.3 Research Approach

The plans and processes that the researcher follows, ranging from general hypotheses to specific techniques for gathering, analyzing, and interpreting data, are referred to as the research methodology (Bryman A. 2016). This study evaluated the impact of leadership style on employee's job satisfaction using a quantitative research methodology. By collecting and analyzing numerical data, quantitative approaches enable statistical inferences and a thorough comprehension of the connections between employee job satisfaction and leadership styles.

3.4 Target population and sampling

3.4.1 Target population

The population can be identified as all people or items with the characteristics that one wishes to study (Anol, 2012). According to the data obtained from Dashen bank North Addis Ababa district, the district has 59 branches with the total numbers of 598 employees which is the target population of the study. The target population comprises of junior officers, officers and senior officers, managerial position irrespective of their gender.

3.4.2 Sample Design

The process of identifying several options allows researchers to reduce the amount of data that must be collected by focusing on a sample rather than the entire group because of time, financial, and population size constraints (Cooper & Schindler, 2006). To gather data from every place in the district, this study employed convenience and simple random sampling technique.

3.4.3 Sample size

The number of objects or units chosen from the population is referred to as the sample size. Being absolutely flawless in research is practically impossible, claim Sekaran and Bougie (2013). Errors will therefore always happen, but the amount of inaccuracy in data collection—often known as the margin of error—needs to be reduced. Most of the time, researchers work with a 3-5% margin of error around the demographic characteristic's actual value. In order to generate results among variables that are

significantly different, the researcher used the 95% level of certainty for this study. This expanded the range of potential data and created a better image for analysis.

Yamane (1967) provides a simplified formula to calculate sample sizes. This formula was employed in order to make the number of population size under study is finite. Therefore, the Yamane formula is used for determining the sample size with the following formula:

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

Where, n=sample size

N=Population size

e=the level of precision, sampling error which is 5%

$$\begin{aligned}
\text{Therefore, } N &= 596 / 1 + 596(0.05)^2 \\
&= 598 / 1 + 598(0.0025) \\
&= 598 / 1 + 1.495 \\
&= 241
\end{aligned}$$

Table 3.1 Sample Size

Position of employee	Employee number	Proportionate sample of the participant
Managerial Position	98	39
Senior Officers	143	58
Officers	197	79
Junior Officers	160	65
Total	598	241

Source: Own Survey, 2025

3.5. Sources of Data

The sources of data are crucial for collecting the necessary information to address the research questions. There are two sources of data in research, primary and secondary sources of data. This study used both primary and secondary data. Primary data collected to understand employees' attitudes towards the leadership styles practiced in the bank and how they affect the job satisfaction of employees of Dashen Bank North Addis Ababa district. The Secondary data sources were review the related literature on the topic under study and to get the human resource related data of the bank. These include: books, publications, research studies, referred journal articles and company documents.

3.6 Method of Data Analysis

The results were analyzed and interpreted using both descriptive and inferential statistics. Inferential statistics used to find out the relationship between the leadership styles and employees' job satisfaction, the dominant leadership style and comparison of each leadership

style using descriptive analysis, correlation and regression analysis via SPSS version 27. In analyzing the data gathered from the survey (questionnaire), reliability test primarily calculated using SPSS by Cornbrash's Alpha, and validity of the questionnaire established by reviewing existing literature.

3.7 Scale reliability and validity

3.7.1 Reliability of Instruments

Cornbach's Alpha assesses the study's consistency, which aids the researcher in producing trustworthy findings. According to Hair et al. (2006), the Cronbach's Alpha measurement ranges from 0 to 1. This suggests that the internal consistency of the inserted items improves when the Cronbach's Alpha value gets closer to 1.

Therefore, Cronbach's Alpha reliability was employed in this study to assess the quality of the items that were added. According to Gleam and Rosemary (2003), George and Mallery (2003) provide the following general guidelines: >0.9-Excellent, >0.8-Good, >0.7-Acceptable, >0.6-Quessible, >0.5-Poor, and <0.5-Unacceptable. The findings of this study's reliability test are summarized below.

Based on the test for reliability in the below table, the reliability test for the items of Transformational leadership has 8 items and Cronbach's alpha value of 0.898, Transactional leadership has 6 items and Cronbach's alpha value of 0.833, democratic leadership has 5 items and Cronbach's alpha value of 0.782, laissez-faire leadership has 4 items and Cronbach's alpha value of 0.727, Servant leadership has 4 items and Cronbach's alpha value of 0.706 and job satisfaction has 5 items and Cronbach's alpha value of 0.848 and the total Cronbach Alpha of the variables for this **paper has** 32 items and Cronbach's alpha value of 0.902. Thus, based on the test of the scales, it is shown that each scale represents a reliable construct.

Table 3.2 Cornbrash's Alpha Test

Variables	ReliabilityStatistics- Cornbrash's Alpha	N of Items
Transformational Leadership	.898	8
Transactional Leadership	.833	6
Servant Leadership	.706	4
Democratic Leadership	.782	5
Laissez-faire Leadership	.727	4
Job satisfaction	.848	5
Total	.902	32

Source: Own Survey, 2025(SPSS Version 27)

3.7.2. Validity

Validity is the critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). In this research project, content validity is the degree to which research elements capture the variables in a representative and comprehensive manner. To ensure the validity of the questionnaire, the initial items were adapted from previous related studies. A pilot test was conducted by distributing the initial version of the questioners to few respondents. Based on the feedback obtained from these respondent necessary modifications to were made to improve clarity, relevance and comprehensiveness. In addition the researcher consulted with the advisor throughout the process to insure the validity.

3.8 Measurement of Variables

In this study close-ended questionnaire was provided to employees at north Addis Ababa district of the to measure variables (Leadership styles, and employees job satisfaction). The questionnaire includes three parts. In Section A: Demographic Background data was obtained;

Section B contains scales to measure the independent variables of the study (Leadership styles), and Section C contains scales to measure the dependent variables of the study (employees job satisfaction).

The independent variables of this study are 5 leadership styles; these are Transformational, Transactional, democratic, servant leadership styles and laissez-faire. The questions are five-points Likert scale rated using 1-strongly disagree to 5- strongly agree.

3.9 Ethical considerations

The investigation was carried out with ethical considerations in mind. Every study participant was made aware of the study's goal and aim as well as the questionnaires that will be used. Following an explanation of the study's purpose, participants were given assurances of security and anonymity before the questionnaire was administered.

CHAPTER FOUR

RESULT AND DISCUSION

4.1. Introduction

In this chapter, the results of descriptive statistics and regression analysis were presented and discussed. Under descriptive statistics, important variables are presented with appropriate mean, standard deviation, frequency and percentages. Inferential statistics like correlation and regression results also presented with tables and graphs. To address research questions and objectives descriptive statistics and correlations results will be discussed.

4.2. Response Rate

The researcher distributed 241 questionnaires to the respondents. From those 230(94.8%) were returned and the remaining 41(15.2%) were not returned. Therefore, the analyses were done based on the response of 230 respondents.

4.3. Demographic Characteristics

Table 4.1: Demographic Characteristics

Gender Distribution			
		Frequency	Percent
Sex	Male	127	55.2
	Female	103	44.8
	Total	230	100.0
Age Distribution			
		Frequency	Percent

Age	Below 26	26	11.3
	26-35	108	47.0
	36-45	85	37.0
	Above 45	11	4.8
	Total	230	100.0
Academic Qualification			
		Frequency	Percent
Education	Diploma	3	1.3
	Degree	141	61.3
	Masters	86	37.4
	Total	230	100.0
Job Experience			
		Frequency	Percent
Experience	1-5	90	39.1
	6-10	69	30.0
	11-15	43	18.7
	16-20	19	8.3
	above 21	9	3.9
	Total	230	100.0

The gender of the study participants, as presented in above table 4.1, provide valuable insights into the composition of the sample involved in assessing employees job satisfaction at dashen Bank. A significant majority of the respondents are male, comprising 55.2% of the total sample, while females account for 44.8%. This outcome shows that the male response rate was slightly higher as compared to the female employees

The age distribution of respondents, as shown in Table 4.1, highlights that the majority of employees are between 26-35 years old (47% combined), with 37% aged 36-45 and 11.3% below 26 the rest 4.8. % is above 45. Thus, it indicates that there are more young workforces in the Bank.

According to table 4.1, the educational qualification of the sample respondents indicates that 61.3% of respondents have a first degree, while respondents that has master's degree, and diploma holders are 37.4%, and 1.3% respectively. However, there is no respondent that has more than a master's degree as their highest educational qualification. In general it can be concluded that all respondents possess a sufficient amount of educational capability.

Respondents were asked to show their work experience at dashen bank north Addis district; 90 (39.1%) of the respondents, which are the majority of the respondent, replied that they have been employees of the bank from 1 to 5 years, 69 (30%) replied they have been employees of the bank from 6 to 10 years, 43 (18.7%) replied they worked for 11-15 years, 69 (8.3%) replied they have been employees of the bank from 16 to 20 years and the remaining 10 (3.9%) replied that they have been employees of the bank for more than 21 years at dashen bank. The outcomes indicate that the majority of the respondents have some banking experience.

4.4. Descriptive Statistics of the individual variables

Hair et al. (2003) state that there are a few fundamental statistical analysis methods to follow when the data has been gathered and ready for analysis. Descriptive analysis aids in

determining the complete set of responses that were collected as numerical data; that is, respondents provide numerical values representing their degree of agreement and disagreement, which are then input into a computer system to produce more insightful statistics.

Consequently, every set of data needs some summary information developed that describes the numbers it contains. Basic statistics and descriptive analysis were developed for this purpose (Hair et al, 2003).

The descriptive statistics section shows the statistical outcomes for each variables selected for this project paper, this are transformational, transactional, Democratic, Servant and Laissez-faire, the implementation of employee’s job satisfaction practice of the bank in terms of percentage, frequency, mean, and standard deviation.

4.4.1 Transformational Leadership style

Table 4.5 Descriptive response of transformational leadership style

Descriptive response of transformational leadership style	N	Mean	Std. Deviation
My supervisor is a role model for me	230	4.36	.784
My supervisor inspires me to perform at my best	230	4.50	.740
Feel proud to associate with my supervisor	230	4.41	.819
My supervisor takes time to understand my strengths, weaknesses, and developmental needs	230	4.56	.738
My supervisor creates an environment to take a risk and experiment with new ideas	230	4.71	.639
My supervisor makes me feel motivated to	230	4.43	.811

contribute to organizational success			
My supervisor encourages me to be an innovative thinker	230	4.65	.760
My supervisor challenged me to expand my skills and knowledge	230	4.57	.742
Total	230	4.52	0.75

Source: Own Survey, 2025(SPSS Version 27)

In general, employees at Dashen Bank S.C. perceive their supervisors to exhibit strong transformational leadership behaviors, with high mean scores across all items, particularly regarding 'creating an environment to take a risk and experiment with new ideas' (Mean=4.71) and 'encouraging innovative thinking' (Mean=4.65).

4.4.2 Transitional Leadership Style

Table 4.6 Descriptive response of transitional leadership style

Descriptive response of transitional leadership style	N	Mean	Std. Deviation
My supervisor provides rewards for achieving objectives	230	4.44	.800
My supervisor motivated me to work hard to get rewards and recognition	230	4.46	.696
My supervisor follows through on promises of rewards and incentives	230	4.37	.820
My supervisor actively monitors my work performance to ensure meeting the standards	230	4.49	.763
My supervisor effectively addresses problems in working on time	230	4.45	.844

My supervisor provides feedback or corrective actions when deviations occur	230	4.34	.829
Total	230	4.42	.79

Source: Own Survey, 2025(SPSS Version 27)

As depicted in table 4.6, employees at Dashen Bank S.C. perceive their supervisors to exhibit strong transactional leadership behaviors, with high mean scores across all items, particularly regarding 'My supervisor actively monitors my work performance to ensure meeting the standards ' (Mean=4.49) and 'My supervisor motivated me to work hard to get rewards and recognition' (Mean=4.46).

4.4.3 Democratic Leadership Style

Table 4.7 Descriptive response of democratic leadership style

Descriptive response of democratic leadership style	N	Mean	Std. Deviation
In my workplace, employees are encouraged to participate in decision-making processes	230	4.37	.886
My leader fosters a collaborative environment where team members can share their ideas freely	230	4.28	.784
I feel that my leader actively seeks input and feedback from team members before making important decisions	230	4.34	.741
My leader recognizes and values the contributions of all team members, making everyone feel included.	230	4.29	.894
Conflicts within the team are addressed collectively, allowing for a democratic approach to problem-solving	230	4.27	1.072

Total	230	4.31	.87
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Source: Own Survey, 2025(SPSS Version 27)

As depicted in table 4.7, employees at Dashen Bank S.C. perceive their supervisors to exhibit strong democratic leadership behaviors, with high mean scores across all items, particularly regarding 'In my workplace, employees are encouraged to participate in decision-making processes' (Mean=4.37) and 'I feel that my leader actively seeks input and feedback from team members before making important decisions' (Mean=4.34).

4.4.4 Servant Leadership Style

Table 4.8 Descriptive response of servant leadership style

Descriptive response of servant leadership style	N	Mean	Std. Deviation
My leader shows genuine concern and care for the well-being of team members	230	4.25	.690
My leader actively supports my personal and professional growth.	230	4.20	.639
My leader listens to my needs and perspectives before making decisions.	230	4.17	.652
My leader encourages team members to work towards the greater good of the community and organization	230	4.04	.727
Total	230	4.16	.67

Source: Own Survey, 2025(SPSS Version 27)

As depicted in table 4.8, employees at Dashen Bank S.C. perceive their supervisors to exhibit strong servant leadership behaviors, with high mean scores across all items, particularly

regarding ' My leader shows genuine concern and care for the well-being of team members ' (Mean=4.25).

4.4.5 Laissez faire Leadership Style

Table 4.9 Descriptive response of laissez-faire leadership style

Descriptive response of laissez-faire leadership style	N	Mean	Std. Deviation
My supervisor avoids making decisions and instead leaves tasks for me	230	3.57	1.306
My supervisor provides minimal guidance when I encounter challenges in my work	230	3.85	1.262
My supervisor encourages creativity and innovation by allowing me to explore new ideas without interference	230	3.87	1.094
My supervisor seems uninvolved in group activities	230	3.35	1.242
Total	230	3.66	1.22

Source: Own Survey, 2025(SPSS Version 27)

As depicted in table 4.9, employees at Dashen Bank S.C. perceive their supervisors to exhibit moderate leadership behaviors compared to other leadership styles , with moderate mean scores across all items, particularly regarding ' My supervisor encourages creativity and innovation by allowing me to explore new ideas without interference ' (Mean=3.87).

4.4.6 Job Satisfaction

Table 4.10 Descriptive Response of Job Satisfaction

Descriptive Response of Job Satisfaction	N	Mean	Std. Deviation
I am satisfied with the level of recognition from my job	230	4.83	.430

I am satisfied with the autonomy and decision-making authority in my role	230	4.73	.515
I perceive the pay that I receive is fair	230	4.70	.536
I am satisfied with the opportunity to be promoted to a better position	230	4.72	.523
People with whom I meet in connection with my Job are good enough	230	4.80	.447
Total	230	4.75	.49

Source: Own Survey, 2025(SPSS Version 27)

As depicted in table 4.7, employees at Dashen Bank S.C. perceive high job satisfaction, with high mean scores across all items, particularly regarding 'I am satisfied with the level of recognition from my job ' (Mean=4.83) and ' People with whom I meet in connection with my Job are good enough ' (Mean=4.8).

As per the descriptive result from the above table the predominately used leadership style is transformational leadership style with a total mean of 4.52 followed by transactional leadership style with a total mean of 4.42.

4.5. Inferential analysis

4.5.1. Pearson Correlation Analysis

The Pearson correlation coefficient is a metric for determining the strength and direction of a relationship between two variables. The Correlation coefficient value that found within; -0.3 to +0.3 the relationship is weak; -0.5 to -0.3 or 0.3 to 0.5 the relationship is moderate; -0.9 to -0.5 or 0.5 to 0.9 the relationship is strong; -1.0 to -0.9 or 0.9 to 1.0 the relationship is very strong.

The correlation coefficient ranges from -1 to +1. The coefficient -1 means that the relationship is a perfect negative correlation and the coefficient +1 means that the relationship is a perfect positive correlation and 0 means that there is no correlation (Kothari and Garg, 2014).

Correlation analysis between leadership style and employees job satisfaction were employed.

Table 4.11 below shows the correlation between leadership style and employees job satisfaction.

Table 4.11 Pearson Correlation Analysis

Correlations							
		Transformational Leadership	Democratic Leadership	Transactional Leadership	Servant leadership	Laissez-faire Leadership	Job Satisfaction
Transformational Leadership	Pearson Correlation	1			.		
Democratic Leadership	Pearson Correlation	.381**	1	.			
Transactional Leadership	Pearson Correlation	.469**	.448**	1	.		
Servant Leadership	Pearson Correlation	.428**	.382**	.382**	1		.
Laissez-faire Leadership	Pearson Correlation	.254**	.076	.242**	.150*	1	

faire Leadersh ip	Correlation						
Job Satisfacti on	Pearson Correlation	.685**	.621**	.682**	.569**	.238**	1
	Sig. (2- tailed)	.000	.000	.000	.000	.000	
	N	230	230	230	230	230	230
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source: Own Survey, 2025(SPSS Version 27)

Table 4.11 indicates that all five leadership styles show a statistically significant positive relationship with employee job satisfaction ($p=.000$ for all). Transformational ($r=.685$) and Transactional ($r=.682$) leadership styles exhibit the strongest positive correlations, followed closely by Democratic ($r=.621$) and Servant ($r=.569$) leadership. Laissez-faire leadership, while still positive, shows a weak correlation ($r=.238$) with job satisfaction. These findings suggest that supervisors adopting more active and engaging leadership approaches are associated with higher job satisfaction among Dashen Bank employees.

The above results imply that Leadership styles (Transformational, Transactional, and democratic, servant and lassies faire leadership style) components have a positive relationship with Employees job satisfaction with a high Pearson correlation coefficient except with that of lassies faire leadership and this means that changes in one variable are correlated with changes in the other one. For this reason, it is possible to conclude that there is a strong and positive relationship between Leadership styles (transformational, Transactional, and democratic, servant)) components and Employees job satisfaction and when Leadership styles increases, Employees job satisfaction also increases and vice versa.

In general, according to the Pearson correlation, the leadership style which had the strongest association with Employees job satisfaction at dashen bank north addis district is

Transformational Leadership Style with a Pearson correlation coefficient of 0.685. In other words, one unit increase in transformational leadership style, Employees job satisfaction at dashen bank north Addis district increases at 0.685 values. Followed by Transactional Leadership Style with a Pearson correlation coefficient of 0.682 with a p-value of “<0.000” which is less than 0.050, and Democratic has the third significant positive relationship with Employees job satisfaction with Pearson correlation coefficient of .621, servant leadership has the forth significant positive association with Employees job satisfaction with Pearson correlation coefficient of .569. Finally, the lassiez faire Leadership Style has the least effect on the dependent variable with Pearson correlation coefficient value of 0.238.

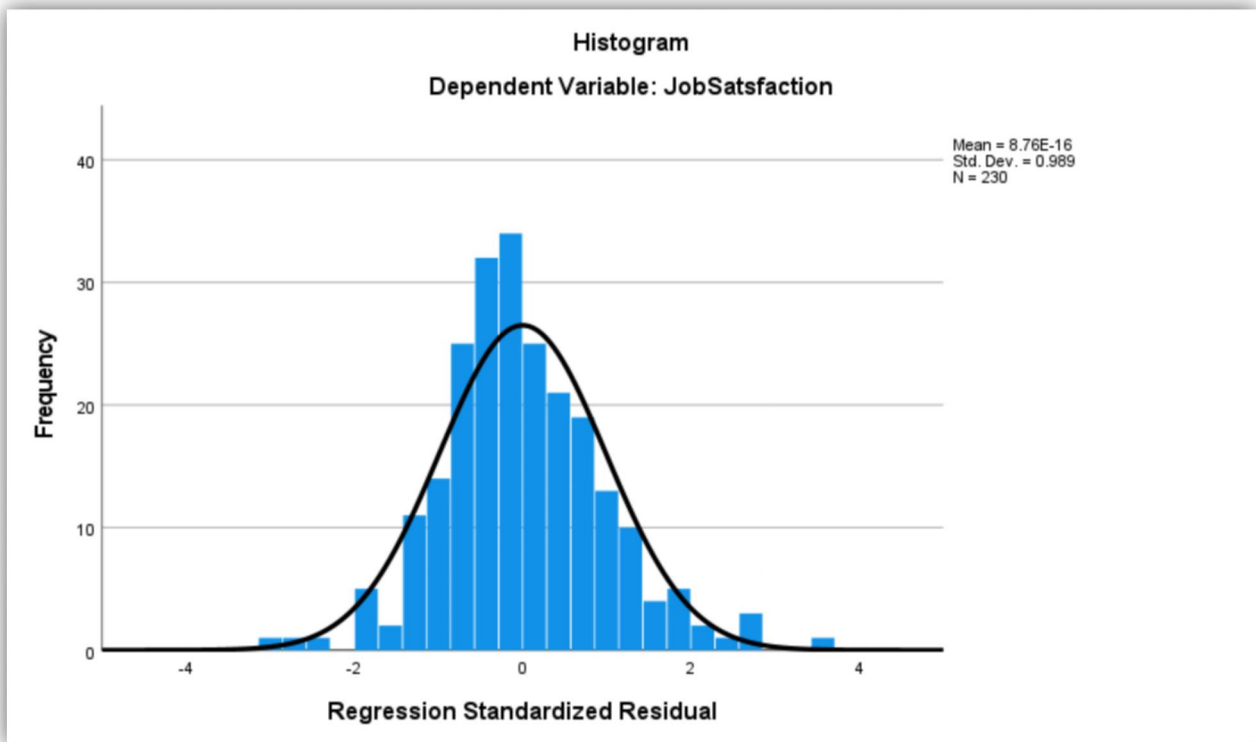
4.5.2 Regression assumption Test for Regression Model

Lind (2012) states that the test is necessary for all data because, if the data fails the traditional assumption test, the processed data may have biased or misleading results. Normality, linearity, Multicollinearity, and homoscedasticity tests are the four primary tests that make up the Fundamental Assumption Test (Lind, 2012). Therefore, even if there are different types of assumptions be considered for regression analysis these aforementioned assumptions are the most common and highly recommended assumptions what the researcher should conduct before running the regression analysis and hypothesis testing were addressed in brief in this study and presented below.

4.5.2.1 Normality Assumption (Residuals) Test

The Normality assumption (residuals) test is a statistical procedure used to assess whether the residuals (the difference between the observed values and the predicted values) in a regression analysis follow a normal distribution. This assumption is crucial for many statistical inferences and hypothesis testing methods, as it ensures the validity of the standard errors and p-values.

Figure 2 Normality Test: Histogram



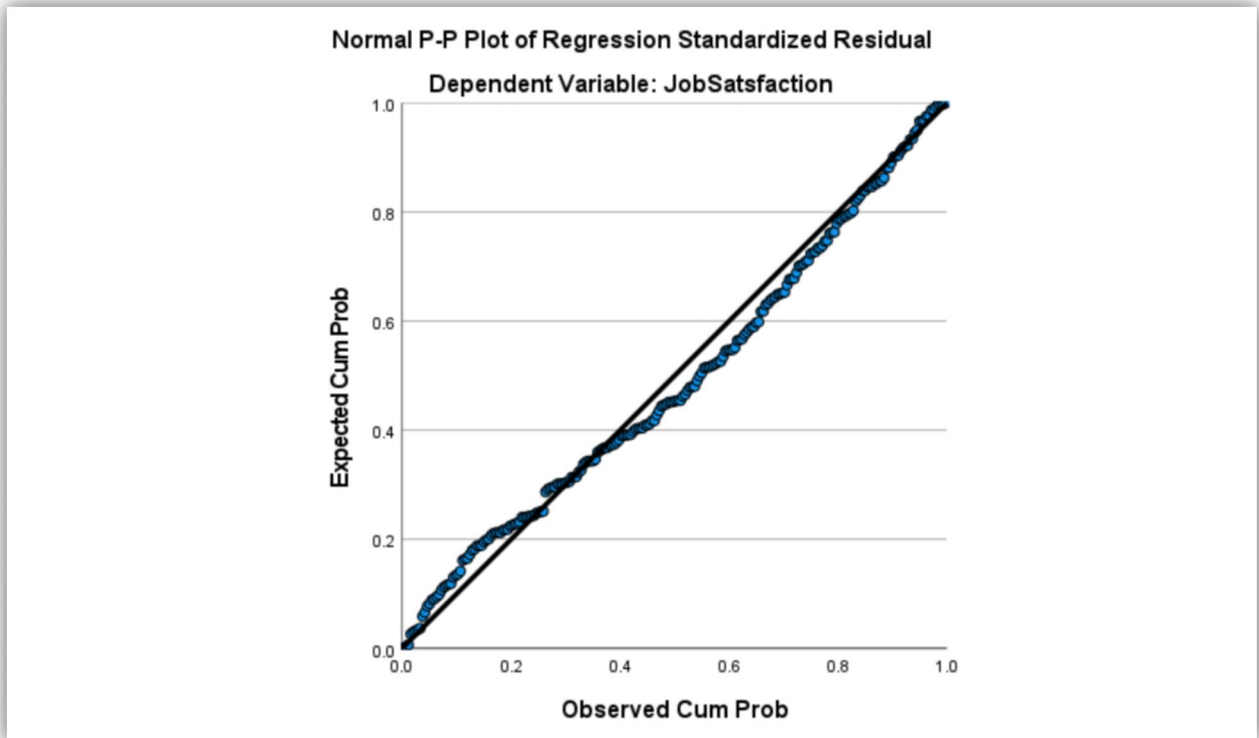
Source: Own Survey, 2025(SPSS Version 27)

The histogram above indicates how the data is distributed. Accordingly, it is possible to state that the data are nearly normally distributed since the histogram has a close to bell shape.

4.5.2.2. Linearity Assumption Test

The Linearity assumption test is used to assess whether the relationship between the dependent variable and the independent variable(s) in a regression analysis is linear. This assumption is important because linear regression models are based on the premise that the relationship between the variables is linear. The test typically involves creating a scatter plot of the residuals against the predicted values or the independent variables, and examining the plot for any nonlinear patterns. If the linearity assumption is violated, it indicates the need for transforming the variables, including higher-order terms in the model, or considering alternative regression techniques that can capture nonlinear relationships, such as polynomial regression or spline models.

Figure 3 Linearity Test



Source: Own Survey, 2025(SPSS Version 27)

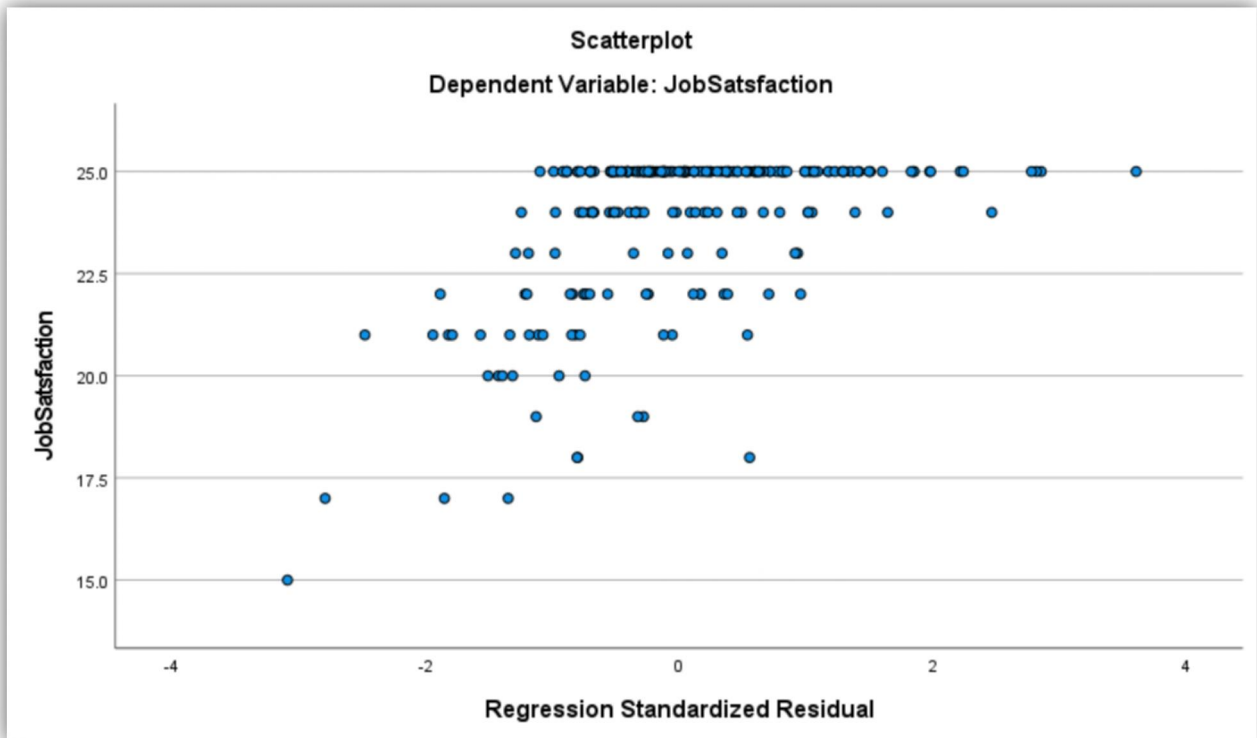
4.5.2.3 Homoscedasticity

The Homoscedasticity of residuals assumption in regression analysis refers to the requirement that the variance of the residuals (the differences between the observed and predicted values) should be constant across all levels of the independent variables. This assumption is important because violations of homoscedasticity can lead to biased standard errors and invalid statistical inferences. The Homoscedasticity assumption is typically tested through visual inspection of a scatter plot of the residuals against the predicted values or the independent variables, as well as formal statistical tests such as the Breusch-Pagan or White's test.

If the residuals exhibit a non-constant variance, it indicates the presence of heteroscedasticity, which requires the use of robust standard errors or alternative regression techniques that can account for this violation, such as weighted least squares or generalized least squares.

Source: Own Survey, 2025(SPSS Version 27)

Figure 4: Scatter plot



Source: Own Survey, 2025(SPSS Version 27)

4.5.2.4 Multicollinearity

If there is a high degree of correlation between independent variables, there is a problem of multi-collinearity (Kothari, 2004). Multi-collinearity occurs when two or more predictors in the model are correlated and provide redundant information about the responses. It is the situation where the variables are highly correlated. There are several ways to test multi collinearity test.

Bryman and Cramer (1999), stated that the independent variables that show a relationship at or in excess of 0.80 assumed of showing multi-collinearity. In this study as shown in the table 4.12, there is no relationship that equals or exceeds correlation coefficients of 0.80.

Table 4.12 Correlations between Independent Variables

Correlations between Independent Variables					
	Transformational Leadership	Democratic Leadership	Transactional Leadership	Servant leadership	Laissez-faire Leadership
Transformational Leadership	1	.381**	.469**	.428**	.254**
Democratic Leadership	.381**	1	.448**	.382**	.076
Transactional Leadership	.469**	.448**	1	.382**	.242**
Servant Leadership	.428**	.382**	.382**	1	.150*
Laissez-faire Leadership	.254**	.076	.242**	.150*	1

Source: Own Survey, 2025(SPSS Version 27)

According to Hair et al. (2003), multicollinearity occurs when the independent variables in a dataset are highly correlated with each other. Multiple regression analysis is used to assess the degree of relationship among multiple variables. This method helps researchers determine the optimal weighting of two or more independent variables to achieve the highest correlation with a single dependent variable (Ary et al., 2010).

Multicollinearity is evaluated using Tolerance and the Variance Inflation Factor (VIF). These metrics indicate how much each independent variable is explained by the other independent variables. Multicollinearity is considered problematic if the VIF is 10 or higher or if the tolerance value is below 0.10 (Hair et al., 2003).

Table 4.13 Collinearity Statistics

Variables	Tolerance	VIF
Transformational Leadership	.674	1.485
Democratic Leadership	.726	1.378
Transactional Leadership	.662	1.510
Servant leadership	.742	1.347
Laissez-faire leadership	.910	1.099

Source: Own Survey, 2025(SPSS Version 27)

Referring to the above table, the highest VIF value is 1.510 which is much lesser than 10 and the lesser tolerance value is 0.662 which is much bigger than 0.10. Hence, it is clear that in this particular study, there are no explaining variables which are highly correlated among them. Thus, multicollinearity is not a problem in this research and will not affect the research findings.

4.5.3 Regression Analysis

Table 4.14: Model Summary

Model Summary ^b										
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	

				e						
1	.858 a	.737	.731	1.002	.737	125.529	5	22 4	.000	1.572
a. Predictors: (Constant), laissez faire Leadership, Democratic Leadership, servant Leadership, Transformational Leadership, Transactional Leadership										
b. Dependent Variable: Job Satisfaction										

Source: Own Survey, 2025(SPSS Version 27)

Table 4.14 presents the model summary for the analysis of factors influencing employee job satisfaction at dashen Bank. The model shows a strong correlation coefficient ($R = 0.858$), indicating a robust relationship between the predictors Transformational Leadership, Transactional Leadership Democratic Leadership, servant leadership, and laissez-faire leadership, the dependent variable of employees job satisfaction. With an R-squared value of 0.737, about 73.7% of the variance in employee’s job satisfaction is explained by these predictors, demonstrating the model's effectiveness while the rest 26.3% remained unexplained by this study. The adjusted R-squared value of 0.731 confirms its reliability after accounting for the number of predictors. The standard error of the estimate (1.002) indicates a relatively small prediction error, while the Durbin Watson statistic of 1.572 falls within the acceptable range of 0 to 4, indicating no significant autocorrelation in the residuals. Overall, these findings underscore the significant impact of the selected factors on employee’s job satisfaction.

4.5.3.1 ANOVA

ANOVA or Analysis of variance compares the variance between the different groups with the variability within each of the groups. An F ratio is calculated which represents the variance between the groups, divided by the variance within the groups. A large F ratio indicates that there is more variability between the groups than there is within each group (referred to as the error term), Julie Pallant (2002).

Table 4.15: ANOVA

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	630.088	5	126.018	125.529	.000b
	Residual	224.873	224	1.004		
	Total	854.961	229			
a. Dependent Variable: Job Satisfaction						
b. Predictors: (Constant), laissez-faire Leadership, Democratic Leadership, servant leadership, Transformational Leadership, Transactional Leadership						

Source: Own Survey, 2025(SPSS Version 27)

Table 4.15 presents the ANOVA results for the model analyzing factors affecting employee job satisfaction at dashen Bank. The regression sum of squares is 630.088, indicating a substantial amount of variance explained by the predictor's laissez-faire leadership, Transformational Leadership, Democratic Leadership, servant leadership, Transactional Leadership. With 5 degrees of freedom for the regression and 224 for the residuals, the mean square for regression is calculated at 126.018. The F-statistic of 125.529 accompanied by a significance level (Sig.) of .00, demonstrates that the overall model is statistically significant, suggesting that the combined predictors significantly influence employee employees job satisfaction. The total sum of squares is 854.961 further reinforcing the model's effectiveness in explaining variations in job satisfaction among employees.

Table 4.16 coefficients of the variables

Coefficients ^a										
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std.	Beta			Zero	Parti	Part	Tole	VIF

			Error				- orde r	al		ranc e	
1	(Constant)	2.681	.851		3.150	.002					
	Transformational Leadership	.181	.022	.342	8.199	.000	.685	.480	.281	.674	1.485
	Democratic Leadership	.214	.032	.272	6.756	.000	.621	.411	.231	.726	1.378
	Transactional Leadership	.222	.029	.320	7.607	.000	.682	.453	.261	.662	1.510
	Servant leadership	.192	.040	.193	4.847	.000	.569	.308	.166	.742	1.347
	Laissez-faire Leadership	.013	.019	.024	.676	.500	.238	.045	.023	.910	1.099
a. Dependent Variable: Job Satisfaction											

Source: Own Survey, 2025(SPSS Version 27)

The multiple regression Coefficients table above shows the influence of each independent variable has on the dependent variable which is employee's job satisfaction. The regression coefficient each variable along with the intercept helps to predict or estimates the dependent variable. Hence, employee's job satisfaction can be predicted as:

$$\text{EJB} = 2.68 + .342(\text{TL}) + .320 (\text{TRL}) + .272 (\text{DL}) + .193(\text{SL}) + .024(\text{LL}) + .851 (\text{avg. error in prediction})$$

Where: EJB = Employee Job Satisfaction

TL = Transformational Leadership

TRL= Transactional Leadership

DL = Democratic leadership

SL= Servant Leadership

LL = Laissez-faire leadership

As shown above, for every increase in Transformational Leadership, Employee Job Satisfaction will increase by 0.342 correspondingly, for every increase in Transactional Leadership, Democratic Leadership, Servant leadership and Laissez-faire leadership, Employee Job Satisfaction will also increase by 0.320, 0.272, 0.193 and 0.24 respectively.

4.6 Hypothesis Testing

The Pearson correlation analysis presented in the analysis part showed the strength and dimension of association between leadership style and employee's job satisfaction. According to the result, a positive relationship was appeared between the independent variables (laissez-faire leadership, Transformational Leadership, Democratic Leadership, servant leadership, Transactional Leadership and dependent variable, employee's job satisfaction.

This research examined the Standardized Coefficient β value along with the significant value to support or not to support the developed hypothesis. According to the coefficients of variables, all the developed hypotheses are supported by the research finding except laissez fair leadership style as shown below.

Accordingly:

- ✓ **H₁**, – Transformational leadership style significantly and positively affects employee's job satisfaction. Is supported with the research finding because $\beta=0.342$; $p < .000$. Similarly,
- ✓ **H₂**, – Transactional leadership style significantly and positively affects employee's job satisfaction is supported because $\beta = .320$ and $p < .000$.
- ✓ **H₃**, – Democratic leadership style significantly and positively affects employee's job satisfaction is supported as the $\beta = .272$ and $p < .000$.
- ✓ **The fourth hypothesis, H₄**– Laissez faire leadership style significantly and positively affects employee's job satisfaction is also supported since $\beta = .024$ and the $p > 0.05$.

- ✓ **Finally, H₅** – Servant leadership style significantly and positively affects employee’s job satisfaction is supported as a result of its $\beta = .193$ and $p < .000$ values.

Table 4.17 summary of hypothesis testing

Hypothesis	Hypothesis statement	Decision
H1	Transformational leadership style significantly and positively affects employee’s job satisfaction,	Accepted
H2	Transactional leadership style significantly and positively affects employee’s job satisfaction.	Accepted
H3	Democratic leadership style significantly and positively affects employee’s job satisfaction.	Accepted
H4	Laissez faire leadership style significantly and positively affects employee’s job satisfaction.	Rejected
H5	Servant leadership style significantly and positively affects employee’s job satisfaction.	Accepted

4.7 Results and Discussion

The objective of this research study was to examine the effect of leadership styles on Employees' job satisfaction. Hence, the findings of this study with the findings of other researchers are discussed and presented as follows.

Transformational leadership style and job satisfaction

The findings of this study have indicated that transformational leadership style has positive and significant effect on employees' job satisfaction and it also has strong association with employee’s job satisfaction with the highest correlation and with high total mean value.

Transactional leadership style and job satisfaction

The findings of this study have indicated that **Transactional** leadership style has positive and significant effect on employees' job satisfaction and it also showed that strong association with

employee's job satisfaction with the high correlation and with high total mean value next to transformational leadership .

Democratic leadership style and job satisfaction

The findings of this study has revealed that Democratic leadership style has positive and significant effect on employees' job satisfaction and it also showed that strong association with employee's job satisfaction with the high correlation and with high total mean value next to transformational leadership and transactional leadership.

Servant leadership style and job satisfaction

The findings of this study also revealed that Servant leadership style has positive and significant effect on employees' job satisfaction and it also showed that strong association with employee's job satisfaction with the high correlation and with high total mean value next to transformational leadership, transactional leadership and democratic leadership.

Laissez faire leadership style and job satisfaction

Finally, the findings of this study revealed that **Laissez faire** leadership style has positive but insignificant effect on employees' job satisfaction and it also showed that weak association with employee's job satisfaction with moderate total mean compared to transformational leadership, transactional leadership, democratic leadership and servant leadership.

Other researcher's finding

This finding of the study is consistent with the results of the study conducted by Ali, A. Y. S., Sidow, M. A. & Guleid, H. S. (2013) in public universities of Mogadishu, which showed that transformational leadership has positive and significant effect on employee's job satisfaction.

Another finding by Ali, A. Y. S., Sidow, M. A. & Guleid, H. S. (2013) in public universities of Mogadishu, which showed that both transformational and transactional leadership styles have a positive and significant effect on employee's job satisfaction.

The findings are also supported by research conducted by SÜRÜCÜ and SAĞBAŞ M. (2020) in Turkey's hospitality industry and Riaz, & Haider leadership on the effect of leadership styles on job satisfaction in private sectors in Pakistan respectively, who concluded that transformational and transactional leadership styles have a positive and significant effect on employees' job satisfaction, and laissez-faire leadership style has an insignificant effect on employees job satisfaction.

A study conducted by Bezawit Mulugeta Fulas (2017) conducted a study that found a significant positive effect of democratic and servant leadership on employee job satisfaction.

Finally, a study conducted by Lwam Goncha (2018) indicates that transformational and transactional had positive and significant effect on employee's job satisfaction.

Another study conducted on Panafric global employees by Mesfin H. (2020) on the effect of leadership style and employee job satisfaction stated that transformational leadership has a positive and significant effect on employees' job satisfaction, and laissez-faire leadership has an insignificant effect on employees' job satisfaction.

➤ The above research's findings indicated that transformational, transactional, democratic and servant leadership Styles have a positive and significant effect on employees' job satisfaction and also laissez-faire leadership style has an insignificant effect on employees job satisfaction which is similar to my research findings.

On the contrary, the result contradicts the result of Demeke and Kebede (2017) in their study examining the effect of leadership styles on employees' job satisfaction in selected Ethiopian Public Universities, who revealed that only the transformational leadership style has a significant impact on employees' job satisfaction, but transactional and lassies fair leadership styles have an insignificant effect on employees' job satisfaction.

A study conducted by Tesfaye Sinicho (2019) indicate that laissez-faire leadership style had positive and significant effect on job satisfaction and his finding correlation result shows each dimension of leadership style named transformational, transactional and laissez-fair leadership

style has positive and significant relationship with employees' job satisfaction. Which contradicts with this research since the finding of this research revealed that laissez-faire leadership style has insignificant effect on employee's job satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This chapter presents a summary of the research findings, a conclusion, and presents recommendations based on the analyzed data. The main objective of this research was to assess the effect of leadership style on employees' job satisfaction at dashen bank s.c, North addis district.

5.1 Summary of the Research Findings

The result of the correlation analysis indicates that:

1. There is a positive and strong correlation between transformational leadership style and employees' job satisfaction. This means transformational leadership has a positive effect on employees' job satisfaction.
2. There is a positive and strong correlation between transactional leadership style and employees' job satisfaction. This means transactional leadership has a positive effect on employees' job satisfaction.
3. There is a positive and strong correlation between democratic leadership style and employees' job satisfaction. This means transactional leadership has a positive effect on employees' job satisfaction.
4. There is a positive and strong correlation between servant leadership style and employees' job satisfaction. This means transactional leadership has a positive effect on employees' job satisfaction.
5. There is a positive but weak correlation between laissez-faire leadership style and employees' job satisfaction.

The result of the regression analysis can be summarized as:

1. Transformational leadership has a strong positive effect on job satisfaction with a high standardized coefficient (Beta=0.342) value and a statistically significant p-value (p=0.000).
2. Transactional leadership also positively affects job satisfaction, with a standardized coefficient (B=0.320) and a significant p-value (p=0.000).
3. Democratic leadership also positively affects job satisfaction, with a standardized coefficient (B=0.272) and a significant p-value (p=0.000).
4. Servant leadership also positively affects job satisfaction, with a standardized coefficient (B=0.193) and a significant p-value (p=0.000).
5. Laissez-faire leadership also positively affects job satisfaction but insignificant effect on job satisfaction (B=0.024, p=0.5).

5.2 Conclusions

The study has the Durbin Watson coefficient of (1.572) which is good indicator for nonexistence of autocorrelation problem.

The test of assumptions of linear regression model are satisfied such as linearity, normality, multicollinearity, auto-correlational analysis, ANOVA analysis, model summary etc. were satisfied.

In this study, five variables (transformational, transactional, Democratic, Servant and laissez-faire leadership styles) that affect job satisfaction were used and their effect on job satisfaction was analyzed.

From the descriptive analysis we can conclude that the predominately used leadership style is transformational leadership style followed by transactional, democratic, servant and laissez-faire leadership style with a total mean of 4.52, 4.42, 4.31, 4.16 and 3.66 respectively.

From the correlation analysis, it can be concluded that there is a positive and strong correlation between transformational, transactional, Democratic and servant leadership styles and job satisfaction. However, there is a positive but weak correlation between laissez-faire leadership

style and employees' job satisfaction. The insignificant effect of laissez-faire leadership on job satisfaction implies that the leader of dashen bank should focus on the above mentioned four leadership styles to increases employees job satisfaction.

From the results of the regression analysis, it can be concluded that:

Transformational leadership has the most substantial positive effect on job satisfaction.

Employees under transformational leadership feel inspired, motivated, and supported, which significantly enhances their job satisfaction. Transactional leadership also positively affects job satisfaction, but to a lesser extent than transformational leadership, transactional leadership contributes to job satisfaction through structured tasks, clear goals, and reward systems.

Compared to the above two leadership style democratic and servant leaderships takes the 3rd and 4th place respectively as per the analyzed data and has positive and significant effect on employees job satisfaction.

Laissez-faire leadership style takes the last rank compared to the above four leadership style with positive but insignificant effect on employee's job satisfaction it can be concluded that employees may perceive a lack of guidance and support, leading to lower job satisfaction levels.

5.3 Recommendations

Considering the primary discoveries of this research employees are the most important assets of an organization and the effectiveness of a business is based on the leader's influence on employees, and the organization.

As such, the researcher proposed the following recommendations:

- **Clear Performance Metrics:** The bank should develop clear performance metrics and ensure employees understand what is expected from them. It should align these metrics with the organizational goals to create a cohesive performance management system.

- **Recognition and Reward Systems:** The bank should enhance recognition and reward systems to acknowledge and incentivize employees' achievements by considering both monetary and non-monetary rewards to cater to diverse employee preferences.
- **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.
- **To foster a more positive work environment and enhance democratic leadership behaviors,** leaders should actively solicit employee input in decision-making processes and ensure transparent communication channels.
- **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.
- **Recognize and reward good performance:** Leaders should recognize and reward good performance to 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.
- **Overall,** these recommendations can help Dashen Bank SC 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

- The researcher used quantitative research approach future researchers can use qualitative research approach like interview, group focused discussion to get deeper insight into why certain leadership style impact job satisfaction.
- The researcher didn't use mediating variable future research can use mediating or moderating variable like organizational culture, specific job role, communication quality and other that may influence leadership style – job satisfaction relationship.
- The researcher used five different leadership styles future researchers can focus on two or three of the leadership style in depth.
- Finally, to reinforce the study, it should have included a larger population size, including employees from different districts of Dashen Bank SC or even from other companies, banks or other institutions for cross-data analysis of leadership style and job satisfaction. This study utilized only one district. This would have provided a stronger and more representative sample for the study.

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APPENDIX



Addis Ababa University

School of commerce

Department of Business Leadership

Subject: Research Survey

Dear Respondent,

My name is Ermiyas Eylachew, a postgraduate student pursuing a Master's in Business Leadership at Addis Ababa University, School of commerce. I am conducting a research study titled **“The effects of leadership style on employee’s job satisfaction: The Case of Dashen Bank S.C, North Addis Ababa District.”** Your participation is crucial. Kindly complete the attached questionnaire. Please ensure confidentiality by omitting your name in the questionnaire.

Your honest responses are valued. Kindly return the completed questionnaire at your earliest convenience.

Thank you for your cooperation.

Yours Faithfully,

Ermiyas Eylachew

For any inquiries, please contact me at; +251996272576/ ermiyaseylachew2@gmail.com

Appendix I - Questionnaire for Employees

Direction

Section A: Demographic Background

Please respond to all questions by circling the applicable answer.

1. Please specify your gender.

- A. Male B. Female

2. Please indicate the age bracket to which you belong.

- A. Below 26 Years B. 26 – 35 Years C. 36 – 45 Years D. above 45 Years

3. Number of years you have worked in Dashen Bank.

- A. 1-5 years B. 6-10years C. 11-15Years D. 16-20 years E. 21 years and above

4. Education Attainment level

- A. Diploma B. BA/BSC degree C. Masters D. PHD

Please use the following scale to express your agreement or disagreement:

5=Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly Disagree

Please mark (√) the appropriate number that reflects your opinion on each statement.

Part B Questionnaire on Independent variables

No	Questions	1	2	3	4	5
	Section B Questionnaire on					

	Independent variables					
	Transformational Leadership Style					
1	My supervisor is a role model for me					
2	My supervisor inspires me to perform at my best					
3	Feel proud to associate with my supervisor					
4	My supervisor takes time to understand my strengths, weaknesses, and developmental needs					
5	My supervisor creates an environment to take a risk and experiment with new ideas					
6	My supervisor makes me feel motivated to contribute to					

	organizational success					
7	My supervisor encourages me to be an innovative thinker					
8	My supervisor challenged me to expand my skills and knowledge					
	Transactional Leadership Style					
1	My supervisor provides rewards for achieving objectives					
2	My supervisor motivated me to work hard to get rewards and recognition					
3	My supervisor follows through on promises of rewards and incentives					
4	My supervisor actively monitors my work performance to ensure meeting					

	the standards					
5	My supervisor effectively addresses problems in working on time					
6	My supervisor provides feedback or corrective actions when deviations occur					
	Laissez-faire Leadership Style					
1	My supervisor avoids making decisions and instead leaves tasks for me					
2	My supervisor provides minimal guidance when I encounter challenges in my work					
3	My supervisor encourages creativity and innovation by allowing me to explore new ideas without interference					

4	My supervisor seems uninvolved in group activities					
	Democratic leadership style					
1	In my workplace, employees are encouraged to participate in decision-making processes					
2	My leader fosters a collaborative environment where team members can share their ideas freely					
3	I feel that my leader actively seeks input and feedback from team members before making important decisions					
4	My leader recognizes and values the contributions of all team members,					

	making everyone feel included.					
5	Conflicts within the team are addressed collectively, allowing for a democratic approach to problem-solving					
	Servant Leadership Style					
1	My leader shows genuine concern and care for the well-being of team members					
2	My leader actively supports my personal and professional growth.					
3	My leader listens to my needs and perspectives before making decisions.					
4	My leader encourages					

	team members to work towards the greater good of the community and organization					
	Section C Questionnaire on dependent variables					
	Job satisfaction					
1	I am satisfied with the level of recognition from my job					
2	I am satisfied with the autonomy and decision-making authority in my role					
3	I perceive the pay that I receive is fair					
4	I am satisfied with the opportunity to be promoted to a better position					
5	People with whom I meet in connection with my Job are good					

	enough					
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Thank You!!!