

**The Effect of Leadership Styles on Employees’  
Job Satisfaction in  
Program for Appropriate Technology in Health  
(PATH)Ethiopia**

By

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This is to certify that the thesis prepared by Fasika Yalew entitled: *The effect of Leadership Styles on Employees' Job Satisfaction in Program for Appropriate Technology in Health (PATH) Ethiopia* and submitted in partial fulfilment of the requirements for the degree of Master of Arts (Human Resource Management) complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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## ABSTRACT

*This main objective of this paper is to examine the effect of leadership styles on job satisfaction of employees working in the Program for Appropriate Technology in Health (PATH) Ethiopia in year 2016. This study depends on data gathered from managers/supervisors and workers of all operation and system units in the PATH Ethiopia. Although correlations between leadership styles and job satisfaction has been studied in a wide variety of arenas and in similarly extensive range of situations, few of these studies focus on this relationship in the context of international non-governmental organisations in African context. Different from this absorption on Western context, this study will look at the relationship between leadership styles and job satisfaction of employees in the context of developing country, Ethiopia with specific concern to PATH - Ethiopia and discovers the effect of leadership styles on employee job satisfaction.*

*A 36-item Multifactor Leadership Questionnaire developed by Bass and Avolio and Job Satisfaction instrument used by Spector were used to measure leadership styles and job satisfaction. Information gathered from respondents was analyzed using descriptive and correlation analysis. The study uncovered that leadership styles were fundamentally related with job satisfaction. The findings of the study demonstrated that there was a huge relationship amongst transactional and transformational leadership style and employees' job satisfaction. The discoveries likewise uncovered that employees favored transformational leadership style over transactional leadership style subsequently the most astounding mean score of the worker job satisfaction measurement went to transformational leadership style. The result of the present study proposes the significance of transformational leadership style that ought to be advanced through the organization's strategies and representative assessments.*

*Key words: Transformational leadership, transactional leadership, laissez faire leadership and employees' job satisfaction.*

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## **CHAPTER ONE**

### **INTRODUCTION**

The contents in this chapter include background of the study and background of the organisation, statement of the problem, research objectives, research questions, significance of the study, delimitation of the study and outline of the study.

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

Organisations are social frameworks where human resources are the most essential components for effectiveness and proficiency. Organisations need powerful supervisors and employees to accomplish their goals. As an issue of regular contentions, the achievement or disappointment of an association is subject to the styles and aptitudes of a leader. A leader can be considered as the person who expect hierarchical presence and the person who protect the lastingness and the perseverance of the organisation in the objectives it was set up for. By practicing certain authority capabilities and abilities, a leader ought to have the capacity to create clear leadership styles and practices to fulfil authoritative objectives (Ababneh, 2009). The leader has this capacity to guarantee that workers are upbeat and beneficial.

Leadership as a subject has increased expanding consideration by numerous scholars, researchers and specialists in the course of the most recent decades or somewhere in the vicinity. Given numerous organisations are in turmoil because of various crisis, leaders are regularly considered as somebody who is equipped for moving the boat in the midst of solid tides and streams, and thus it is not amazing this idea has drawn scholarly considerations (Ababneh, 2009). Leadership is characterized as the capacity to impact a gathering towards the accomplishment of objectives. It is a procedure by which a man impacts others to fulfil a target and coordinates the association in a way that makes it more durable and cognizant.

Leadership is characterized as "the capacity to rouse certainty and backing among the general population who are expected to accomplish the association's objectives" (DuBrin, 2012). A regularly known saying, "Individuals don't leave organizations, they leave leaders" represents the significance of having the right leader set up. The way in which a person leads an organisation, division, group or individual is alluded to as their leadership style. Leadership is a confused term, comprising of numerous definitions and qualities (Grimm, 2010). There are few diverse styles of leadership; not all leaders utilize the same style and there is not a predominant leadership style generally connected to specific geographical areas.

In the current period of mechanical and hierarchical advancements, viable execution requests employees to be capable, satisfied and conferred. Organisations need to discover how they can keep their employees fulfilled for their occupation. Job satisfaction is a subject of awesome enthusiasm to scientists from different fields of learning. As indicated by Somvir (2012), researchers are concentrating on employment satisfaction since it is connected with execution and responsibility. Mitchel and Larson (1987) explained that despite the fact that more than 3000 research examinations were done on job satisfaction yet at the same time job satisfaction does not have a far reaching definition. Despite all the differences in the interpretation of job satisfaction, its significant role has never been underestimated in terms of effective performance and successful productivity.

As Seashore and Taber (1975) clarified, job satisfaction for the most part is affected by inner organisation environment. This environment contains authority sorts, authoritative atmosphere and work force leadership. At the individual level, leaders who can impact, persuade and coordinate employees will regularly be remunerated by faithfulness and execution of their workers (Mosadegh and Yarmohammadian 2006). Great and successful

leaders matter to the general execution and prosperity of the organisation and its individuals; they likewise matter to different partners of the organisation, for example, the clients and the general public on the loose. At the end of the day, compelling leadership is a foundation in life, when all is said in done, and in making organisations' progress, specifically.

## **1.2 Background of the Organization**

The Program for Appropriate Technology in Health (PATH) is an international, nonprofit global health organization based in Seattle, Washington (USA), with 1200+ employees in more than 30 offices around the world. It is founded in 1977 with a focus on family planning, PATH soon broadened its purpose to work on a wide array of emerging and persistent global health issues in the areas of health technologies, maternal health, child health, reproductive health, vaccines and immunization, and emerging and epidemic diseases such as HIV, malaria, and tuberculosis ([www.path.org](http://www.path.org)).

In 2010, PATH opened office in Ethiopia to bring its experience and expertise to bear on the country's health challenges. Through a variety of cross-cutting programs and strategies, it is also working to address the core issue of poverty, which is a serious obstacle to better health and economic stability for families and communities. It is an international organization that drives transformative innovation to save lives and improve health, especially among women and children. It accelerates innovation across five platforms: vaccines, drugs, diagnostics, devices, and system and service innovations; that harness entrepreneurial insight, scientific and public health expertise, and passion for health equity ([www.path.org](http://www.path.org)).

PATH envisions a world where innovation ensures that health is within reach for everyone and its mission is to improve the health of people around the world by advancing

technologies, strengthening systems, and encouraging healthy behaviors with a motto "A catalyst for global health". PATH is strengthening the capacity of the Ethiopian government, civil society organizations, and community health workers to address some of the country's most pressing health issues, including HIV/AIDS, malaria, and tuberculosis ([www.path.org](http://www.path.org)).

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

Leadership style cultivated itself as a significant determinant of workers' job satisfaction together with normal skills familiar by supervisors at various level of progressive system (Wexley & Yukl, 1984). Target reaction of individuals to leaders for the most part is identified with the worker's attributes and leader's qualities and demonstrated skills. Researchers recommended that a quality relationship amongst worker and leader or its nonattendance remarkably affects self-regard of employees in occupation job satisfaction and work place. In like manner leadership styles should be explored to protect the accomplishments of hierarchical objectives.

Although correlations between leadership styles and job satisfaction has been studied in a wide variety of arenas and in similarly extensive range of situations, few of these studies focus on this relationship in the context of international non-governmental organisations in African context. Most of the studies concentrate on leadership styles and employees' job satisfaction in the context of Western world. Different from this absorption on Western context, this study will look at the relationship between leadership styles and job satisfaction of employees in the context of developing country, Ethiopia with specific concern to PATH - Ethiopia and discovers the effect of leadership styles as adapted from Bass and Avolio's (1997) Full Range Leadership Development Model, on employee job satisfaction, as adapted from Spector's (1997) Job Satisfaction Survey Model.

As an international organisation it follows some standard managerial grids to direct strategical issues and to achieve its goals. The benefit package and remuneration of employees working in international organisations are assumed by far better compared to other organisations. But, researchers didn't address the effects of leadership styles of managers for the satisfaction of employees working in international organisations. As the fundamental factors influencing the effectiveness of an organization are leadership and employee job satisfaction it is a matter of realizing its objectives for PATH to be concerned to satisfying employees' needs by acquainting with competent managers or leaders.

#### **1.4 Research Objectives**

As research is guided by an objective, this section presents the intended outcomes of this study. In this study main problem under study is to identify and analyze the effect of leadership styles on employees' job satisfaction. Hence the main objective and specific objectives that elaborate this research are presented below:

##### **1.4.1 General Objectives**

The purpose of this research is to examine the effect of leadership styles on job satisfaction of employees in PATH Ethiopia.

##### **1.4.2 Specific Objectives**

1. To determine the degree of effect of transformational leadership style on employees' job satisfaction in PATH Ethiopia.
2. To identify the degree of effect of transactional leadership style on employees' job satisfaction in PATH Ethiopia.

3. To examine the degree of effect of laissez faire leadership style on employees' job satisfaction in PATH Ethiopia.
4. To determine which leadership style is mostly related to which facet of job satisfaction.

### **1.5 Research Questions**

Consistent with the objectives of the study, the following research questions are developed:

1. What is the degree of effect of transformational leadership style on employees' job satisfaction?
2. What is the degree of effect of transactional leadership styles on employees' job satisfaction?
3. What is the degree of effect of laissez faire leadership styles on employees' job satisfaction?
4. Which leadership style is highly related to employees' job satisfaction?

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

If organisations had an insight into the leadership style that results in the highest levels of employee satisfaction, and the most common style followed at a specific location as a result of the influence of national culture, they could take the necessary actions in order to promote the desired style for its leaders and keep their employees satisfied. This study benefits PATH Ethiopia with this insight of identifying and developing better leadership style that maximizes employees' job satisfaction in addition to adding a body of knowledge for further research. Further, the organization would benefit from this research outcome in planning future

management development scheme and assuring the satisfaction of its employees by promoting the best leadership style.

### **1.7 Scope of Study**

This study is explanatory in nature and it studies the effect of leadership styles on employees' job satisfaction and only limited to PATH Ethiopia country office. It focuses on all of the employees implementing the projects outlined by the office. This research includes all current employees working in PATH Ethiopia in year 2016. The study investigates the degree of aspects of leadership styles on employees' job satisfaction using Bass and Avolio full range of leadership model. This study examines dimensions of transformational, transactional and laissez faire leadership styles as independent variables to measure their effect on dependent variables which are dimensions of job satisfaction.

### **1.8 Organisation of the Study**

This research is comprised of five chapters. Chapter one constitutes introduction part, which is background of the study and problem statement, research objective, research questions, significance of the study, scope of the study and organisation of the study. Chapter two is all about review of related literatures and conceptual framework. Chapter three presents research methodology that is data collection instruments, method and source of data collection, and methods of data analysis. Chapter four is composed of data analysis and interpretation. Finally the last chapter presents discussion, recommendations and conclusions.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURES**

This chapter serves as the foundation for the progress of the study. It discusses relevant literatures relating to the effect of leadership styles on employees' job satisfaction. The chapter also provides the conceptual framework that shows the relationship between the variables of the study.

#### **2.1 Job Satisfaction**

Job satisfaction is a subject of exceptional energy to scientists from various fields of study. As showed by Somvir (2012), researchers are focusing on job satisfaction since it is associated with execution and responsibility. An examination by Locke (1976) perceived more than 4793 dispersed investigations down job satisfaction. Further, Ghazzawi (2008) discovered more than 12000 studies focuses on job satisfaction. As demonstrated by Brief (1998), in 1976, there were more than 3,300 investigation articles and works appropriated on job satisfaction. Brief incorporated that by 1994, more than 12,400 investigation articles and postulations had been dispersed on job satisfaction.

The term job satisfaction was conveyed to reputation by Hoppock (1935) who looked into 32 studies on job satisfaction led before 1933 and watched that job satisfaction is a mix of mental, physiological and ecological circumstances that bring about a man to say, "I am satisfied by my job"(Suresh,2001). Job satisfaction is a subjective term, characterized in different ways, in any case it was for the most part concurred that job satisfaction is viewed as a worldwide feeling about the employment. Since 1959, researchers have concentrated on job satisfaction. Herzberg (1959) built up the hypothesis that inspirations and cleanliness

components lead to employment fulfilment or disappointment (Malik, Nawab, Naeem, and Danish, 2010).

Locke (1969) characterized job satisfaction as the pleasurable passionate state coming about because of the evaluation of one's employment as accomplishing or encouraging the accomplishment of one's occupation values. Churchill (1974) characterized job satisfaction as all attributes of the occupation itself and the workplace which sales people find compensating, satisfying, and fulfilling, or baffling and unsuitable. Again Locke (1976) characterized job satisfaction as a positive relationship described by pleasurable or positive perspective coming about because of the occupation experience.

As indicated by Locke (1976), job satisfaction is a positive enthusiastic reaction when employees' aptitudes and capacities are regarded. The term job satisfaction has a tone of heterogeneity in its conceptualization, for example, Ravari (2012) reported six distinctive methodologies with respect to the comprehension of job satisfaction among scientists. As indicated by Lawler (1973 referred to in Castillo and Cano, 2004), job satisfaction is one-dimensional term, suggests that representative is either fulfilled or unsatisfied. In any case, Smith, Kendall and Hulin (1969, referred to in Saba, 2011) expressed that job satisfaction is multi-faceted variable, suggests employees' fulfilment is connected with various features of work. Operationally characterizing work satisfaction as a multifaceted term, research writing reported the prevailing features of job satisfaction as advancement, supervision, workplace and compensations (Ivancevich and Matteson, 1980; Block and Kelly, 2001; Testa, 2001). Further, Luthans (1998) categorized these facets as; *intrinsic* job satisfaction - related with the type of work that make the job, for example skills, etc.; *extrinsic* job satisfaction - associated with work term and conditions, for example, salary.

Job satisfaction can be characterized as satisfaction of one's desire. It contrasts from individual to individual and association to association even in connection of male and female. So job satisfaction is such wonder which originates from the employment, as well as from one's close to home, social authoritative, managerial and practical condition. As indicated by Cranny, Smith and Stone (1992) job satisfaction is a blend of subjective and full of feeling responses to the differential view of what an employee needs to get contrasted with what he or she really gets. Job satisfaction is a component that would actuate the worker to work in the long term position.

As indicated by Rossiter (2009), job satisfaction directs a decision for a particular occupation. In view of Maslow's (1970) hierarchy of needs, Rossiter contended that once employees meet the essential survival needs, fascinating and testing work and individual satisfaction gets to be imperative. On the other hand, an absence of acknowledgment and employer stability adds to the sentiments of dissatisfaction and contrarily impacts inspiration. Doorman, Lawler and Hackman (1975) characterize job satisfaction as an inclination around a job that is controlled by the distinction between each one of those things a man feels he ought to get from his occupation and every one of those things he really does have.

As indicated by Kreitner (2002) job satisfaction is a full of feeling and enthusiastic reaction to different aspects of one's employment. Job satisfaction is a full of feeling response to an individual's work circumstance. It can be characterized as a general feeling about one's employment or profession or as far as particular aspects of the occupation or vocation (e.g., remuneration, self-sufficiency, associates) and it can be identified with particular results, for example, profitability (Rice, Gentile and McFarlin, 1991). As indicated by Cranny, Smith and Stone (1992) job satisfaction is a blend of intellectual and full of feeling responses to the

differential view of what a representative needs to get contrasted with what he or she really gets.

Job satisfaction portrays the emotions, states of mind or inclinations of people with respect to work (Chen, 2008). Besides, it is the extent to which employees make the most of their occupations (McCloskey and McCain, 1987). Greenberg and Baron (1997) characterize job satisfaction as an individual's subjective, full of feeling, and evaluative responses towards appointed occupation. Locke (1976) gives more particular definition on job satisfaction as the state where one's needs and one's results coordinate well. McNamara (1999) characterizes job satisfaction as one's sentiments or perspective with respect to the way of their work. Work fulfillment is a mentality of representatives towards the occupation (Aydogdu and Asikgil, 2011). It demonstrates knowledge of possibilities (Mitchel and Larson, 1987), enthusiastic and mental reactions towards the occupation (Hart, 2010).

Job satisfaction is for the most part viewed as a critical element for hierarchical achievement. As indicated by Galup, Klein, and Jiang (2008), fruitful organizations regularly have fulfilled employees while poor employment fulfillment can handicap an organization. Job satisfaction comprises of by and large or general satisfaction, and an assortment of satisfaction aspects (Cranny et al., 1992; Friday and Friday, 2003). Kalleberg (1977) recommended that job satisfaction comprises of two parts. These are intrinsic (alluding to the work itself) and extrinsic (speaking to aspects of the occupation outer to the errand itself) job satisfaction. Hirschfield (2000) expressed that intrinsic job satisfaction alludes how individuals feel about the way of the employment assignments themselves while external job satisfaction alludes how individuals feel about parts of the work circumstance that are outside to the occupation undertakings or work itself (Shim, Lusch, and O'Brien, 2002).

Job satisfaction is a disposition of employees towards their employment (Aydogdu and Asikgil, 2011). It implies abilities, conclusion, aptitudes (Hart, 2010) and specialists' answer towards their occupation (Hoffmann, 1999). Job satisfaction is a key component of general satisfaction which gives representatives vitality to perform and proceed with his employment enough. Job satisfaction controls the true serenity, foster unwinding that prompts more energy and more creative work (Maher, 2004). It gives the reasonable picture of culmination and achievement discharging from his work, an inclination which has nothing to do with cash yet a sentiment alleviation that the worker escapes the work itself (Odwan, 1999). Subsequently, satisfaction can be delegated a man's sentiments of joy or disillusionment coming about because of contrasting an item's apparent execution (or result) in connection to his or her desires (Kotler, 2003).

Job satisfaction can be formally characterized as the degree to which people feel decidedly and/or adversely about their employments (Steyn&Van Wyk1999). Workers encounter a sentiment achievement if their fancied desires are met, that will at last decide the level of fulfillment. At the end of the day, job satisfaction occurs for when a job meets the, qualities, desires and gauges of a person also, will empower their dedication and execution (Gordon 1999). As per McShane and Von Glinow (2005), job satisfaction is a multi-faceted idea, which is a mix of over a wide span of time satisfying emotions that outcomes when one assesses his or her work part. Nobleman and Greenberg (2003) attest that job satisfaction is a state of mind towards ones' occupation and it is essentially the emotional, intellectual and evaluative responses towards their employment. McNamara (1999) characterizes job satisfaction as one's sentiments on the other hand perspective with respect to the way of their work.

Spector (1997) says job satisfaction ought to be ordinarily measured in degrees and inspected from numerous perspectives utilizing different builds or classifications. For instance, one can be fulfilled by specific components of a job, feel neutral about a few, and be dissatisfied with others. Components of work can likewise have contrasting degrees of significance, which can bring about those components to be weighted diversely in evaluating general occupation fulfillment. Agreeing to Mullins, 2002 a few representatives might be fulfilled by couple of parts of their work however disappointed with every single other viewpoint. In like manner, Arnold and Feldman (1996) say that there are an assortment of variables that make individuals feel positive or negative about their employment simultaneously (Arnold and Feldman 1996).

Some theories of job satisfaction included discrepancy theory (Locke, 1969), equity theory (Mowday, 1992), and the motivator-hygiene theory (Herzberg, Mausner, & Snyderman, 1959). Discrepancy theory, as depicted by Lawler (1973), was the aftereffect of the distinction between a real result a man gotten and some other expected result level. A correlation in which a genuine result level was lower than a normal result level, would bring about disappointment (Lawler, 1973). Inputs and results were the reason of equity theory (Mowday, 1992). Workers assessed their inputs/results by contrasting them and the inputs/results of other people. Equity existed if the proportion of inputs to results was like the inputs what's more, results of other individuals (Castiolo and Cano, 2004).

The motivator-hygiene theory was credited with propelling and advancing research on job satisfaction (Steers & Porter, 1992). The premise of the motivator-hygiene theory (Herzberg, Mausner, & Snyderman, 1959) was that jobs had specific factors which were related to job satisfaction or dissatisfaction. The five factors thought to facilitate job satisfaction were achievement, recognition, work itself, responsibility, and advancement. The five factors

identified by Herzberg, as determinants of job dissatisfaction, were policy and administration, supervision, salary, interpersonal relations, and working conditions. Following is a description of the motivator-hygiene factors according to Padilla-Velez (1993) and Bowen (1980) as cited by Castillo and Cano.

- i. Recognition - Acts of notice, praise, or blame supplied by one or more superior, peer, colleague, management person, client, and/or the general public.
- ii. Achievement - Accomplishment of endeavors including instances wherein failures were incurred. Similarly, instances were included wherein neither success nor failures were incurred.
- iii. Possibility of Growth - Whether a change in status was possible, irrespective of the fact that the change could be upward or downward in status.
- iv. Advancement - Designated an actual change in job status.
- v. Salary - All sequences of events in which compensation plays a major role.
- vi. Interpersonal Relations - Relationships involving superiors, subordinates, and peers.
- vii. Supervision - The supervisor's willingness or unwillingness to delegate responsibility and/or willingness to teach subordinates.
- viii. Responsibility - Satisfaction derived from being given control of personal work or the work of others and/or new job responsibilities.
- ix. Policy and Administration – Events in which some or all aspects of the organization were related to job satisfaction.
- x. Working Condition – Physical working conditions, facilities, and quality of work as related to job satisfaction.
- xi. Work Itself - The actual job performance related to job satisfaction.

Herzberg, Mausner, and Snyderman (1959) named the determinants of satisfaction “motivators” (achievement, recognition, work itself, responsibility, advancement) and the determinants of dissatisfaction “hygienes” (policy and administration, supervision, salary, interpersonal relations, working conditions).

Job satisfaction is considered as the most familiar work attitude indicator and a reliable feature to assess an individual’s judgment regarding her/his job experience in an organization (Dessler, 2004). It can positively impact commitment and performance of the employees and decreases their turnover and absenteeism (Schroder, 2008; Lambert & Paoline, 2008; Okpara et al., 2005). Many researches attempted to identify and measure the impact of different factors on job satisfaction. For example, ethics (Ulrich, O’Donnell, Taylor, Farrar, Danis, and Grady, 2007; Schwepker, 2001), cultural values (Lund, 2003; Kirkman and Shapiro, 2001), as well as HRM practices (Manafi, Gheshmi, and Hojabri, 2011) are the important factors that can impact job satisfaction. However, in order to focus on workforce in lower organizational levels, the role of leadership style is remarkably important (Clark and Hartline, 2009). The job satisfaction of employee and leadership style are the main elements that impact the organization effectiveness (Kennerly 1989). Leadership is known as one of the important aspects of job satisfaction from employees. It can fully impact the dedication and motivation of employees.

## **2.2 The Concept of Leadership**

In spite of the fact that leadership has for quite some time been of interest to history specialists and rationalists, experimental concentrates just started in the mid-1900s. Still, the group of information has subsequent been quickly developing as verified by the more than 350 meanings of the term which researchers have presented. Giving one particular meaning of authority is a consequently extremely complex assignment (Bass 1985). Extensively, initiative

is an impact relationship among leaders and supporters to perform in such an approach to achieve a characterized objective on the other hand objectives (Bennis and Nanus 1985; Burns 1978). What is implied by impact is that the relationship among individuals is not uninvolved but rather multidirectional rather; leaders impact subordinates and subordinates impact leaders.

Bass (1990) characterized leadership as a procedure of connection among people and gatherings that incorporates an organized or rebuilt circumstance, individuals' desires and recognitions. Leadership can be clarified as the capacity of a person to have power that spotlights on the best way to set up bearings by adjusting strengths (Go et al., 1996). As indicated by Northouse (2010) and Yukl (2005) leadership characterized as a procedure where leaders impact their employees to accomplish organisational targets. Diverse leadership styles have been distinguished by Chen and Chen (2008) that organisations adjust. Having particular leadership style is a key component that effects worker's job satisfaction which prompts hierarchical achievement.

### **2.3 Leadership Styles**

From an organisational perspective, Schermerhorn (1999) believed that leading is a process used to motivate and to influence others to work hard in order to realize and support organisational goals, while Hersey (2001) believed that leadership influences individuals' behaviour based on both individuals' and organisational goals. Robbins (2001) characterized leadership as the capacity of a person to impact the conduct of a gathering to accomplish organisational objectives.

Through their instruction, preparing, and encounter, leaders build up their own leadership style. This leadership style is a major worry of leaders and analysts (Wood, 1994)

because of its impact on subordinates who, it is proposed, work all the more viably and beneficially when their leaders embrace a particular leadership style (Mullins, 1998). Leadership style is characterized as the example of practices that leaders show amid their work with and through others (Hersey and Blanchard, 1993). Mill operator et al. (2002) view leadership style as the example of cooperation amongst leaders and subordinates. It incorporates controlling, coordinating, to be sure all procedures and techniques utilized by leaders to inspire subordinates to take after their guidelines.

Burns (1978) was the first to present the ideas of transformational and transactional leadership in his treatment of political leadership. He characterized transformational leaders as the individuals who propel their employees to perform more than they initially expected and lead them to surpass their own self-interests for the benefit of the group or the association. They additionally expand their level of mindfulness about vital matters; build their level of requirements from requirement for security or acknowledgment to requirement for accomplishment or self-actualisation, making them achieve the highest point of Maslow's pyramid of order of needs. As indicated by Bass' hypothesis, there are four distinctive measurements of the transformational leadership style in particular inspirational motivation, intellectual stimulation, individualised consideration and charisma or idealised influence (Judge and Piccolo, 2004).

As indicated by Kavanaugh and Ninemeier (2001), there are three elements that decide the sort of leadership style: leaders' qualities, subordinates' attributes and the organisation environment. This environment contains authority sorts, hierarchical atmosphere and work force administration. Researchers, for example, (Brockner, 1988; Chen and Spector, 1991; DeCremer, 2003) proposed that quality of relationship amongst employee and leader or its

nonattendance remarkably affects self-regard of employees in job satisfaction and work environment.

There are a few styles of leadership, for example, dictatorial, bureaucratic, free enterprise, appealing, law based, participative, situational, transactional, and transformational leadership (Mosadeghrad 2003b, 2004). Not everybody concurs that a specific style of leadership will bring about the best type of hierarchical conduct. Distinctive styles were required for various circumstances and every leader expected to know when to show a specific methodology. Nobody leadership style is perfect for each circumstance, since a leader may have information and abilities to act viably in one circumstance yet may not develop as successfully in an alternate circumstance.

Burns (1978) transactional and transformational leadership styles have been considered as one of the unmistakable leadership styles. Transformational leaders adjust supporter's desires and accentuate their self-improvement. In this manner, such leaders motivate execution of their adherents (Spears & Lawrence, 2003). The discoveries from numerous studies showed noteworthy effect of transformational leadership on job satisfaction of subordinates (Wiratmadja, 2008; Bass and Avolio, 1994).

Bass and Avolio (1994) compared the transformational leadership style with the transactional one. The transactional leadership style is based on drawing up an agreement with the employees on what needs to be done and what the employee should expect after fulfilling the agreement. According to Bass's theory, there are three different dimensions of the transactional leadership style namely contingent reward, management by exception (active), and management by exception (passive) The last form of leadership style based on Bass's

theory is the so-called passive leadership or laissez-faire leadership style. According to 'passive leadership,' which represents a non-leadership style, leaders abstain from taking action or interfering when their leadership is necessary (Judge and Piccolo, 2004).

The Full Range Leadership Development Model, developed by Bass and Avolio (1994), is a combination of both transactional and transformational leadership. It includes five transformational factors: Idealized influence (attributed); Idealized influence (behavior); Inspirational motivation; Individualized consideration; Intellectual stimulation, and three transactional ones: Contingent reward; Management by exception (active); Management by exception (passive). This study will focus on three leadership styles: transformational leadership, transactional leadership and laissez-faire leadership styles.

### **2.3.1 Transformational Leadership**

This is a leadership style that motivates employees by engaging higher goals and good values which can move employees to perform past desires and change both people and organisations (Bass, 1985). As indicated by Bass and Avolio (2004) transformational leadership impacts both the smaller scale (individual) and full scale level (for instance, make change) of a foundation by changing employees from their "regular selves" to "better selves", by speaking to their higher request inborn requirements, bypassing vision of fleeting objectives, and getting to be inspired by hierarchical objectives instead of self-interests. According to Avolio, Bass, and Jung (1997) there are four dimensions of transformational leadership namely idealized influence, individualized consideration, intellectual stimulation and inspirational motivation.

- i) Idealized influence: This conduct stimulates compelling feelings from supporters and recognizable proof with and copying of, the leader, as the last goes about as a

solid good example. Furthermore, followers show high good models and behave in a moral way; with the goal that they are relied on to make the best decision.

- ii) Individualized consideration: This conduct incorporates the provision of support, encouragement, training, assignment, counsel and input for use in the adherents' self-awareness.
- iii) Intellectual stimulation: This conduct expands attention to issues and impacts supporters to view issues from another perspective. In this manner, they are empowered to be inventive and creative and challenge both their own particular and their leaders' convictions and qualities, and additionally those of the organization itself. Besides, they are urged to go out on intellectual risks and inquiry presumptions.
- iv) Inspirational motivation: This conduct incorporates the advancement and correspondence of an engaging vision, utilizing images and pictures to center the endeavors of subordinates and displaying practices that are esteemed proper.

Taking all aspects of transformational leadership into consideration, Northouse (2001) described the following qualities of a successful transformational leader:

- Empowers followers to do what is best for the organization,
- Is a strong role model with high values,
- Listens to all viewpoints to develop a spirit of cooperation,
- Creates a vision, using people in the organization,
- Acts as a change agent within the organization by setting an example of how to initiate and implement change,
- Helps the organization by helping others contribute to the organization.

Sadeghi and Pihie (2012) perceived that transformational leadership created through consolidating quality, behavioral, and possibility approaches. Northouse (2013) concurred with Sadeghi and Pihie (2012) and recognized different scholars who added to the start of transformational leaders. The scholars included Bennis and Nanus (1985), Kouzes and Posner (1987), Burns (1978), and Bass (1990). Research discoveries revealed that transformational leaders urge devotees to look past own self-interest. Likewise, the transformational leader endeavors to accomplish hierarchical objectives, set clear objectives, and span for exclusive standards (Antonakis, 2012; Northouse, 2013). What's more, Northouse and Antonakis reasoned that transformational leadership has more in the same manner as transactional leadership than laissez-faire leadership.

Employees can without much of a stretch share their insight among them when organisation utilized transformational leadership style (Behery, 2008). Zafra, Retamero and Landa (2008) wrap up that transformational leader have high enthusiastic knowledge and they rise as pioneer amid gathering cohesiveness, it additionally inspires the resolve, inspiration, and ethics of their adherents (Bass, 1999). It additionally concentrates on more touchy side of authoritative communications like vision, society, values, improvement, cooperation, and administration (Fairholm, 2001). One can watch the blend of three systems in transformational leadership: leaders offer qualities to their subordinates, rouse their subordinates and influence in mounting or differing followers' needs (William, Richards, Steers and James, 1995). As indicated by Robbins (2003), the employee leave rate with transformational leadership is not exactly with transactional leadership. Enhancing the employees' working circumstances, satisfying their needs, and helping them perform better are emphatically identified with transformational leadership (Liu, 2003).

### **2.3.2 Transactional Leadership**

Transaction literally means “exchange” therefore, transactional leadership deals with the exchange between leader and followers. Kuhnert and Lewis, (1987) expressed that transactional leadership is a trade amongst followers and leaders coveted results by satisfying the leader's advantage and followers' desires, which includes guarantees or responsibilities inserted by appreciation and trust. Jung, (2000–2001) likewise characterizes transactional authority as leader inclination towards distinguishing proof of employees’ needs and desires and obviously show the approaches to satisfy these requirements in return for execution of employees. Bass (2000) reported that viable leaders suit the interests of their subordinates by giving contingent incentives, respect and guarantees for the individuals who promisingly succeeded in satisfying the duties of the leaders or the organization.

Transactional leadership depends on speculative backing and subordinates are inspired through acknowledgment or else rectified through discipline because of this trade relationship, the normal execution accomplishment drives towards devotee's advancement (Munaf, 2011). As it were, transactional leaders urge supporters to perform as per the leader's desire and get prizes and advancement. Encouraging the supporters to be acquainted with employment commitments and perceived goals to accomplish evaluated level of execution is a vital part of transactional leadership style (Lo, Ramayah, and Min, 2009).

Transactional leaders concentrate on leadership-follower exchanges and entails completion and allocation of tasks, with prizes and punishments as outcomes (Long and Thean, 2011). This leadership style depends on bureaucratic power and authenticity inside the organisation. It underscores work norms, assignments and undertaking focused objectives. It

concentrates on undertaking culmination and worker consistence and depends on authoritative prizes and disciplines to impact employee execution (Burns, 1979).

According to Bass and Avolio (1995) there are three dimensions of transactional leadership such as management by exception (active), contingent rewards and management by exception (passive):

- i) Management by exception (active): It reflects leaders that monitor their followers work.
- ii) Contingent rewards: It refers to use of rewards by the leaders in exchange of good performance.
- iii) Management by exception (passive): It relates to the type of dimension where leaders intervene when problem arise.

The design of the three components of transactional leadership help transactional leaders avoid risk and focus more on efficiency by making performance expectations clear (Epitropaki & Martin, 2013).

### **2.3.3. Laissez-Faire Leadership**

The term *laissez-faire* also means *passive-avoidant* (Bass, 1990; Bennett, 2009; Burns, 1978). The latter terminology reflects the depiction of a laissez-faire leader as one who avoids involvement when important issues arrive, is absent when needed, avoids making decisions, and delays responding to urgent questions (Sadeghi & Pihie, 2012; Yueh, Chen, Lee, & Barnes, 2010). A laissez-faire leader is one who assumes no responsibility, delays decisions, and makes little effort to understand and satisfy followers' needs (Bennett, 2009). This is a passive type of leadership style for there is no any type of mutual exchange or relationship between followers or leaders.

This leadership style is described by an aggregate or general inability to take obligations regarding overseeing (Bass, 1999). In addition, it exhibits a kind of leadership style which is none value-based in which there is no on time and quick choices to be made, activity have delay, the obligations of administration all are overlooked and there is an abused power. This is known as a leader who is harsh to supporter's prosperity in work setting. The nonattendance or shirking of administration is known as Laissez-faire Leadership (Judge and Piccolo, 2004).

As per Bass and Avolio (1994), laissez-faire Leadership style is only the nonappearance of a genuine leadership and is a latent and inadequate style in view of the majority of the inquires about in regards to leadership style. In this manner, laissez-faire by and large is considered as the most incapable and inactive administration structure (Yukl, 2006; Antonakis et al., 2003). This leader will surrender the greater part of his obligations and won't use his power for supervising the organization. Likewise, laissez-faire leader exhibits passive indifference that is the ability of being moved by other individuals for subordinates and the undertaking. Case in point, the laissez-faire leader don't considers supporters needs and issues.

It can be said that the none-leadership dimension of transformational theory is laissez-faire through which leaders prevent to get involved when important problems and issues arise in company. Moreover, they do not make immediate decisions in order to solve those issues (Limsila & Ogunlana, 2008). The laissez-faire leader will withdraw role of leadership and provides no support for subordinates in order to improve the company (Kirkbirde, 2006).

## **2.4 Leadership Styles as a Factor of Job Satisfaction**

Job satisfaction is influenced by various factors such as supervisors' displays of nonverbal immediacy (Madlock, 2006b; Richmond & McCroskey, 2000), humour (Avtgis & Taber, 2006), communication satisfaction (Hilgerman, 1998), effects of gender (Madlock, 2006a), and supervisors' communication style (Richmond, McCroskey, Davis, & Koontz, 1980). Pre-factor variables divide into two categories – individual characteristics and environmental variables (Seashore & Taber, 1975). The internal environmental variables such as organizational climate, organization's scale, level of centralization, level of formality, level of organizational complexity, decision making process, and leadership are critical variables affecting employee's satisfaction at workplace.

Leadership style is an essential determinant of worker job satisfaction. The responses of workers to their leaders will generally depend on the attributes of the employees also as on the qualities of the leaders (Wexley and Yukl 1984). The nature of the leader follower relationship or the scarcity in that department has an extraordinary impact on the employee's self-regard and job satisfaction (Chen and Spector 1991; Brockner 1988; DeCremer 2003). Employees are more fulfilled by leaders who are considerate or strong than with the individuals who are either uninterested or basic towards subordinates (Yukl 1971). As Wilkinson and Wagner (1993) contended, it is unpleasant for employees to work with a leader who has an antagonistic conduct and is unsupportive. In the event that subordinates are not equipped for making sense of the most effective method to perform the work independent from anyone else they will lean toward a pioneer who will give satisfactory direction and guidelines (Wexley and Yukl 1984).

There are some features of leadership having positive relation with job satisfaction such as interpersonal relations, helping behavior among members of team, extent of taking part in decision making, compensation satisfaction and appraisal system (Cohen & Austin,1993; Hallberg,2006;Gleason,1995). Having distinct leadership style is a key element that impacts employee's job satisfaction which leads to organizational success. Additionally, job satisfaction is a critical and important outcome of having an effective leadership in an organization (Bass & Avolio, 1994). The findings from many studies demonstrated significant impact of transformational leadership on job satisfaction of subordinates (Wiratmadja, 2008; Griffith, 2004; Avolio and Bass, 2004; Antonakis, 2003; Bass and Avolio, 1994). In the choice of leadership style, transformational leadership has been reported to be positively related to job satisfaction in various sectors of organization as compared to other styles of leadership such as transactional and laissez faire (Sulieman, 2011; Voon, 2011; Emery & Barker, 2007).

## 2.5 Conceptual Framework

Based on the above discussion the following conceptual framework is developed by the researcher, in which the dependent variable is job satisfaction and independent variables are dimensions of the three leadership styles explained above.

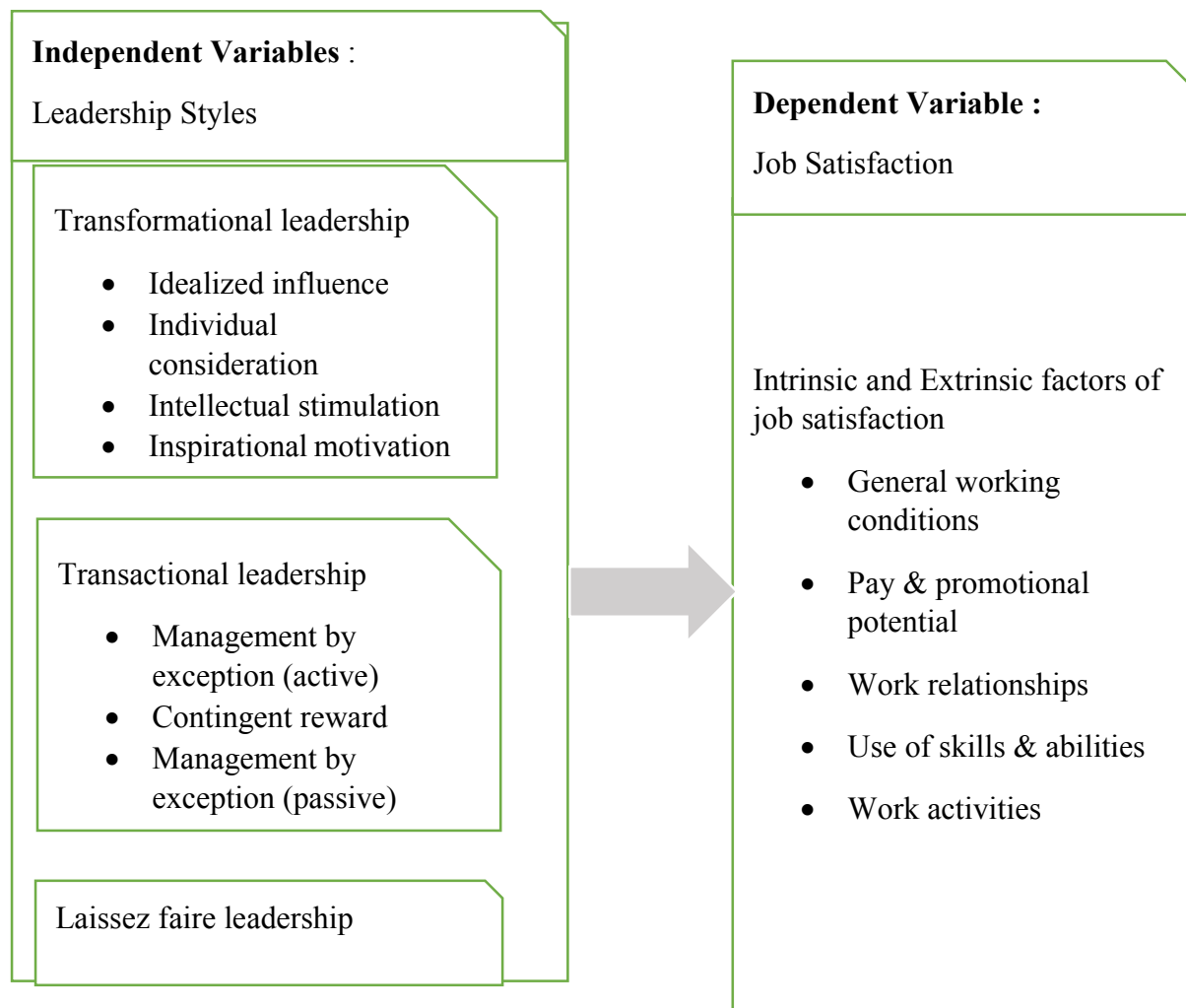


Fig.1 Conceptual Framework

As Figure 1 shows, it reflects the fact that employee job satisfaction, as measured in terms of pay, promotion, supervision, work relationships, use of skills & abilities, and operating procedure or work activities can be influenced by either one of the three different leadership styles considered in this study: transformational, transactional, and laissez-faire leadership.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter focuses on research design, variables, target population, sampling technique, data collection instrument, research procedure and data collection and presentation.

#### **3.1 Research Design**

This study uses a mixed approach of quantitative and qualitative research with descriptive analysis which the survey technique is used to collect data from the respondents and understand and predict some aspects of the behavior of the population of interest. It used a quantitative approach to measure and analyse the effect of aspects of leadership styles on employees' job satisfaction. It is both explanatory and exploratory by nature.

#### **3.2 Target Population and Sampling**

The target populations for this study were all employees who had been working in PATH Ethiopia amid the year 2016. PATH Ethiopia has two divisions in particular Programs and Operations. The majority of its ventures are a piece of project office and Finance, HRM and Administration fall under Operations work unit. As the quantity of employees in PATH Ethiopia is under hundred, all workers were included in the study. In this way, the target and sample population are equivalent implies census procedure is utilized, which offers to a sum of 44 respondents. The respondents were required to finish the surveys with the end goal of the study. Out of the 44 surveys conveyed, 36 were returned and 6 were rejected because of information quality check. As an after effect of the information quality check, the last sample size became 30 that is 5 supervisors and 25 workers responded out of the 44 representatives and it comprises to 68% of the total population.

### **3.3 Data Collection Techniques/Instrument**

The study utilized primary data utilizing adjusted questionnaire for all variables. The adapted questionnaire is created in order to incorporate demographic substance and Likert scales to gauge relations between independent variables and the dependent variable, job satisfaction. It was likewise utilized secondary information about the organisation for some analytic reason. For ideal estimation, different data collecting strategies were considered, as far as their pertinence and importance to the study and additionally their legitimacy and dependability.

Two questionnaires were chosen to measure leadership styles and workers' job satisfaction: Multifactor Leadership Questionnaire (MLQ) and Job Satisfaction Survey (JSS)

#### **3.3.1 Multifactor Leadership Questionnaire (MLQ)**

The MLQ is the most generally utilized instrument to survey leadership styles, that is, transformational and transactional styles (Carless, 1998). Bass (1985) built up the poll to survey the degree to which pioneers display transformational or transactional leadership and the degree to which followers are satisfied by their managers and trust their leaders were effective (Huges, 1983). The Multifactor Leadership Questionnaire (MLQ—otherwise called MLQ 5X short or the standard MLQ) measures an expansive scope of leadership sorts from passive leaders, to leaders who give unexpected prizes to followers, to leaders who change their employees into getting to be leaders themselves. The MLQ distinguishes the qualities of a transformational leader and helps people find how they measure up in their own eyes and according to those with whom they work. Achievement can be measured through a retesting system to track changes in leadership style. The MLQ speaks to an expansive scope of leadership practices, and separates amongst ineffectual and successful leaders. It additionally

concentrates on individual practices, saw by partners at an organizational level that change individual and organizations (Bass and Avolio, 1997).

The MLQ questionnaire contains 31 items that identify and measure key leadership effectiveness behavior found to be strongly linked to both individual and organizational success. The MLQ also contains biographic information. Each of the 31 leadership style questions in the MLQ is measured by two inter-correlated items and its possible items of the other seven components. The MLQ measures subordinates perceptions of transactional and transformational leadership, and assesses perceptions of leadership behaviors that generate the high order developed needs and performance effects which results in employee job satisfaction. The MLQ assesses four components of transformational leadership and three components of transactional leadership.

The assessment scales comprises the following

### **1) Transformational Leadership**

- Idealized influence
- Individual consideration
- Intellectual stimulation
- Inspirational motivation

### **2) Transactional Leadership**

- Contingent reward
- Management by exception (active)
- Management by exception (passive)

### **2) Laissez faire Leadership**

A five point Likert scale is used for rating the frequency of observed manager/leader behaviors. Rating scale for leadership items; 0 = Not at all; 1 = Once in a while; 2 = Sometimes; 3 = Fairly often; 4 = Frequency, if not always

Raters will complete the MLQ thirty one specific behaviors in order to evaluate how frequently, and to what degree they have observed the focal manager /leader specific behavior (Bass & Avolio, 1997).The MLQ is self-explanatory and is completed individually. The questionnaire provides clear instructions for its completion. The respondents can circle the rating scale of their manager/leader specific behavior explained in the questionnaire. There is no time limit for the MLQ individuals are allowed to complete the questionnaire without direct supervision (Bass & Avolio, 1997).The scores of the MLQ interpretation describe the different leadership styles as measured by the questionnaire. Each style description includes the frequency for displaying the behaviors of that style and the managers/leaders were judged by the raters. Each dimension has linked to it in the questionnaire by which it is assessed. Averaging the responses of the items concerned scores each component or dimension.

### **3.3.2 Job satisfaction survey (JSS)**

In 1985, Spector developed the JSS to assess six dimensions of the job satisfaction as well as overall job satisfaction. The JSS was specifically designed for the public sector and non-profit organizations although it is also applicable to other organizations. The scale was intended to cover major aspects of job satisfaction, with subscales that were clearly distinct in the context. The development of the JSS was predicted on the hypotheses that job satisfaction represented an effective or attitudinal response to a job. It was designed to give an overall attitude score as a combination of individual facets (Spector, 1985).For the purpose of the study, a factor scale was used. The JSS measures the items required for the purpose of the

research. The questionnaire also contains biographical information. The revised JSS dimensions contain five job dimensions. Each of the five dimensions has 18 components under it. The total of all items produces a total score. Each of the five JSS dimensions are scored by combining respondents to its two items (Spector, 1997). Each of the five dimensions contains components and each of the components is rated by the following rater scale. A five point scale is used for raters to provide their answers; 1 = Strongly disagree, 2 = Disagree, 3 = Neither disagree nor agree, 4 = Agree, 5 = Strongly agree

Raters are requested to complete the questionnaire regarding their satisfaction about their jobs. The JSS is self explanatory and is completed individually. The questionnaire provides clear instructions as to its completion. Individuals are allowed to complete the questionnaire without direct supervision (Spector, 1997). In order to compute the various scores, the individual items need to be summed together. The responses to the JSS items are numbered from 1 to 5. Respondents can therefore have a score from 1 to 5 for each item.

Here is the interpretation of the scores;

- Scores of 1, 2 and 3, indicate an employee not satisfied by his/er supervisor style of leadership so s/he has a transactional leadership style.
- Scores above 3 indicate an employee satisfied by his/er supervisor style of leadership so s/he has a transformational leader.

### **3.4 Data Analysis and Presentation**

All data was analysed using Statistical Package for Social Sciences (SPSS 16). The study is descriptive, hence it is analysed in terms of mean, standard deviation, cross tabulation and correlation matrix. The mean offers a general overview of the data concerned and the

standard deviation provides a dispersion of the data according to the variability of the data (Sekaran, 1992). The means and standard deviation of the job satisfaction measurements were incorporated into the observational study since it gave data in regards to the diverse measurements and their fulfillment or dissatisfaction with their particular managers. The cross-tabulations gives a fundamental picture of how two variables between relate and sees the example of connection. The reason for the cross tabulation investigation was to consider the connections of the gatherings utilized as a part of the concentrate, to be specific transformational, transactional and laissez faire leadership styles, and afterward to build up whether there was a distinction as far as the diverse job satisfaction measurement.

### **3.5 Ethical Considerations**

To ensure unanimity, voluntary participation and confidentiality of respondents a covering letter was prepared explaining the aim of the research, the confidentiality of the responses and instructions for completion. The questionnaire was drawn up containing questions on the variables and demographic data both to the managers as well as their employees and they were asked to complete the questionnaire anonymously and return them directly to the researcher.

**CHAPTER FOUR**  
**RESEARCH FINDINGS AND INTERPRETATIONS**

This chapter displays the investigation and interprets the study discoveries and examines the impact of transformational and transactional leadership style on employees' job satisfaction. The total population of the study was 44, out of the 44 questionnaires disseminated, 36 were returned and 6 were rejected because of data quality check. That implies the last number were 30. The accompanying illustrative measurements for the sample give a profile to the respondents as far as their job level, gender, age, educational level and tenure in the organization.

**4.1 Demographic Descriptions**

**Gender/ Sex Composition**

**Table 1. Gender Distribution**

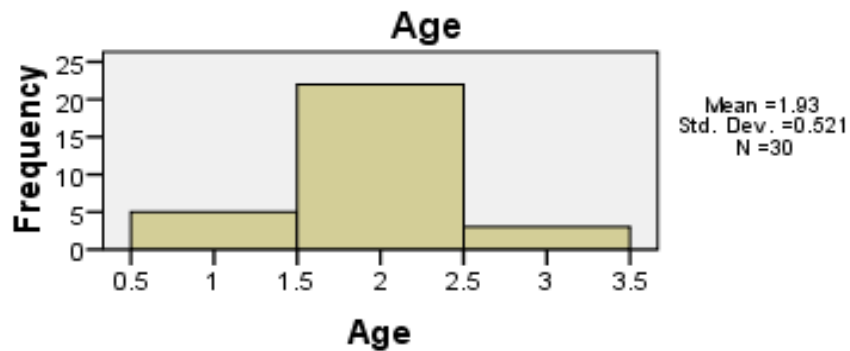
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	22	73.3	73.3	73.3
female	8	26.7	26.7	100.0
Total	30	100.0	100.0	

Table 1 presents the sex composition of the respondents out of the total 30 respondents, 8(26.7%) of them were female and 22(73.3%) of them were male. This clearly indicates the number of female employees is by far less than male employees both in the managerial level and non-management positions.

## Age

The majority of the respondents i.e. 73.3% were between 30 and 40 years of age. There is no employee present below the age of 20 and above the age of 50 but 16.7% were between 20 and 30 and the rest 10% were between 40 and 50. This might indicate the organization has significant maturity level in terms of age amongst its employees and this could help in implementing outlined objectives.

*Figure 1 Age Distribution*



## Educational Level

Most of the respondents (53.3%) have first degree and 33.3% of them earned a master's degree and one PhD holder and the remaining 10% are in diploma level. This is an indication of the organization acquaints itself with well-versed employees as of recruiting university graduates that contributes positively to achieving its objectives.

**Table 2. Educational Level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid diploma and under Diploma	3	10.0	10.0	10.0
First degree	16	53.3	53.3	63.3
masters degree	10	33.3	33.3	96.7
above masters degree	1	3.3	3.3	100.0
Total	30	100.0	100.0	

**Job Level**

**Table 3. Job title/ job level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid managerial level	5	16.7	100.0	100.0
Missing System	25	83.3		
Total	30	100.0		

Table 3 describes the job distribution along managerial and subordinates level in which out of 30 respondents only five of them are on managerial level and the rest 25 of them are reporting accordingly to their supervisors. It indicates there is close relationship between managers and subordinates as in average one supervisor constitutes not more than six employees.

## Tenure

Out of the total respondents, 40% of the respondents had worked for the organization between 2 & 4 years; and another 40% are also worked between 4 & 6 years. 10% had worked for the organization between 1 & 2 years; and the rest 10% had worked for the organization above 6 years, respectively.

*Figure 2 Tenure*



## 4.2 Interpretation of Results

The data was investigated by utilizing SPSS version 16 for factual examination. Once the finished overviews were checked, the researcher then coded the responses in every questionnaire. All information gathered were entered by the researcher. The demographic data were additionally coded and went into the SPSS framework. The outcomes were interpreted by utilizing the methods and standard deviations of the job satisfaction measurements, then looking at the transformational and transactional leadership styles. The results of the cross tabulation analysis with significant job satisfaction dimensions between the transactional and transformational leadership styles and the results of transactional and transformational leadership style in terms of the age and gender of employees were discussed.

As it is indicated below on the descriptive statistics of job satisfaction dimensions the highest mean value goes to benefits and a mean score of 3.87 is given for relationship with supervisor. The least rated job satisfaction dimension is recognition for work accomplished with a mean value of 2.83. More or less dimensions of general working conditions showed above average satisfaction rates which implied better satisfaction in the factors listed. Employees reported mean score of 4 with a standard deviation of .695 which is consistent with the assumption they are having better salary scheme but they are unsatisfied with job security dimension.

It is found that employees reported a mean score of 3.77 for time worked each week, a mean score of 4 for flexibility in scheduling, a mean score of 4.07 for location of work and a mean score of 3.8 for amount of paid vacation time or sick leave offered which all are categorized in the general working conditions dimension of job satisfaction.

Moreover, the table below (Table 5, Descriptive statistics of five dimensions of job satisfaction) describes mean values through categorizing 18 items into their respective five dimensions of job satisfaction analysis. Hence, it is found that the pay and promotional potential dimension is the least satisfied factor compared to others as job security and recognition for work accomplished were reported least satisfied factors. Whereas, employees reported highest satisfaction mean value for general working conditions and work activities dimensions, which includes variety of work responsibility, work independence and adequate opportunity.

Furthermore, it is found that work relationship dimension which includes; relationships with co-workers, relationship(s) with supervisor(s) and relationships with subordinates showed

3.7 mean score with a standard deviation of .307. This implies employees are more or less satisfied with the internal organizational environment but it needs to be taken into consideration for relation with subordinates for those applicable.

**Table 4. Descriptive Statistics of items of job satisfaction dimensions**

	N	Minimum	Maximum	Mean	Std. Deviation
worked each week	30	3	5	3.77	.774
Flexibility in scheduling	30	3	5	4.00	.643
Location of work	30	3	5	4.07	.521
Amount of paid vacation time/sick leave offered	30	3	5	3.80	.714
Salary	30	3	5	4.00	.695
Opportunities for Promotion	30	3	5	4.03	.669
Benefits (Health insurance, life insurance, etc.)	30	3	5	4.07	.365
Job Security	30	2	5	3.03	.669
Recognition for work accomplished	30	2	4	2.83	.461
Relationships with your co-workers	30	3	5	4.03	.556
Relationship(s) with your supervisor(s)	30	3	5	3.87	.629
Relationships with your subordinates (if applicable)	30	2	4	3.20	.484
Opportunity to utilize your skills and talents	30	3	5	3.80	.664
Opportunity to learn new skills	30	3	5	3.73	.583
Support for additional training and education	30	3	5	3.93	.583
Variety of job responsibilities	30	3	5	3.93	.640
Degree of independence associated with your work roles	30	3	5	4.07	.691
Adequate opportunity for periodic changes in duties	30	3	5	3.93	.691
Valid N (listwise)	30				

In addition, use of skills and abilities dimension reported as good satisfied dimension with a mean score of 3.82 and a standard deviation of .379 which includes; opportunity to utilize skills and talents, opportunity to learn new skills and support for additional training and education. This might imply employees are satisfied with the support they get to boost their potential for good performance in order to meet objectives set forth.

**Table 5. Descriptive Statistics for five dimensions of job satisfaction**

	N	Minimum	Maximum	Mean	Std. Deviation
Pay & promotional potential	30	3.00	4.60	3.5933	.34234
work_relationships	30	3.00	4.33	3.7000	.30763
use_of_skills & abilities	30	3.33	4.67	3.8222	.37888
general_working_conditions	30	3.00	4.75	3.9083	.40728
work_activities	30	3.00	4.67	3.9778	.44578
Valid N (listwise)	30				

As we compare and contrast the above two tables the following interpretations could be made for each 18 items with their respective category of job satisfaction dimension. The mean score of general working condition is 3.91 with a standard deviation of .407 but the mean score for time worked each week 3.77 with a standard deviation of .774 which implies employees are not enjoying their working time compared to flexibility in scheduling of a mean score value of 4.00 and location of work with a mean score value of 4.07. Employees reported satisfied with the amount of paid vacation time or sick leave offered with a mean score value of 3.8 and a standard deviation of .714.

According to the tables given above the mean score for pay and promotion potential is 3.59 with a standard deviation of .342 which is the least satisfied dimension compared to the other four dimensions of job satisfaction. But employees reported a mean score of 4.00 for salary, a mean score of 4.03 for opportunities for promotion and a mean score of 4.04 for benefits which implies they are satisfied with these three items of pay and promotion potential

dimensions. This is actually consistent with the assumption employees working in international organizations get better benefit package compared to others. However, based on the finding employees are not satisfied with job security and recognition for work accomplished with a mean score of 3.03 and 2.83, respectively. As the organization is funded by donors, not always a done deal, employees could not get guarantee for further job assignments contribute dissatisfaction in job security and creates a feeling of unrecognized or unacknowledged for accomplished work.

### 4.3 Correlation

Correlation matrix is used to see whether there is significant relations exist between independent variables and dependent variable. The table below shows relationship between dimensions of transformational leadership style and one of the dimensions of job satisfaction, general working condition is loose and it is found that is loose relationship between transformational leadership style and general working condition dimension.

**Table 6. Correlation between Transformational Leadership Style and General Working Condition**

		transformatio nal	general_working_condition
transformational	Pearson Correlation	1	-.176
	Sig. (2-tailed)		.352
	N	30	30
general_working_condi tion	Pearson Correlation	-.176	1
	Sig. (2-tailed)	.352	
	N	30	30

Likewise as given in the table below correlation between transactional leadership style and general working condition, shows no significant relationship. Factors loaded to this dimensions are time worked each week, flexibility in scheduling, location of work and amount of paid vacation time or sick leave offered. Hence, it can be said that general working condition and leadership styles have no significant relationship.

**Table 7. Correlations between Transactional Leadership Styles and General Working Conditions dimension of job satisfaction**

		transactional	general_working_condition
transactional	Pearson Correlation	1	-.043
	Sig. (2-tailed)		.820
	N	30	30
general_working_condi tion	Pearson Correlation	-.043	1
	Sig. (2-tailed)	.820	
	N	30	30

But as we observed in the table below there is strong correlation between transformational leadership style and pay and promotion potential dimension of job satisfaction. This implies transformational leaders are working for securing their employees' benefit package and facilitate promotion potentials to ensure job satisfaction among their employees. Employees are also satisfied to work with such transformational leaders for they get vivid support from their leaders. As it is recalled from review of related literatures transformational leaders are the one who always work for their employees' satisfaction and always willing to support their subordinates.

**Table 8. Correlations between Transformational leadership styles and pay and promotion potential dimension of job satisfaction.**

		transformational	pay_promotion
Transformational	Pearson Correlation	1	.389*
	Sig. (2-tailed)		.034
	N	30	30
pay_promotion	Pearson Correlation	.389*	1
	Sig. (2-tailed)	.034	
	N	30	30

\*. Correlation is significant at the 0.05 level (2-tailed).

If it is compared to the correlation between transactional leadership styles and pay and promotion potential of job satisfaction dimension given in the table below, employees satisfaction with this dimension has no significant relation with transactional leaders. This implies even if transactional leadership is all about exchanging output and benefit but it is not always a source of job satisfaction for employees might consider it as an unfair bargain or contingent reward scheme.

**Table 9. Correlations between Transactional leadership styles and pay and promotion potential dimensions of job satisfaction**

		transactional	pay_promotion
transactional	Pearson Correlation	1	-.185
	Sig. (2-tailed)		.328
	N	30	30
pay_promotion	Pearson Correlation	-.185	1
	Sig. (2-tailed)	.328	
	N	30	30

As indicated below the correlation between transformational leadership style and work relationships dimension of job satisfaction is insignificant like the case with use of skills and abilities with transformational leadership styles in the two tables given below.

**Table 10. Correlations between transformational leadership style and work relationships dimension of job satisfaction**

		transformational	work_relationships
transformational	Pearson Correlation	1	.165
	Sig. (2-tailed)		.383
	N	30	30
work_relationships	Pearson Correlation	.165	1
	Sig. (2-tailed)	.383	
	N	30	30

**Table 11. Correlations between transformational leadership styles and use of skills and abilities dimension of job satisfaction.**

		transformational	use_of_skills_abilities
Transformational	Pearson Correlation	1	.097
	Sig. (2-tailed)		.611
	N	30	30
use_of_skills_abilities	Pearson Correlation	.097	1
	Sig. (2-tailed)	.611	
	N	30	30

Similarly, there is no significant relationship between transactional leadership style and use of skills and abilities dimension of job satisfaction as given in the table below.

**Table 12. Correlations between transactional leadership style and use of skills and abilities dimension of job satisfaction**

		transactional	use_of_skills_abilities
Transactional	Pearson Correlation	1	.136
	Sig. (2-tailed)		.475
	N	30	30
use_of_skills_abilities	Pearson Correlation	.136	1
	Sig. (2-tailed)	.475	
	N	30	30

However it is found that there is a strong correlation between transformational leadership styles and work activities given in table 12. The factors loaded to this dimension of job satisfaction were variety of job responsibilities, degree of independence associated with work roles and adequate opportunity for periodic changes in duties. This finding is in line with

transformational leadership creates good working environment to develop greater degree of independence and to boost up confidence through participating in different responsibilities and duties. Employees are satisfied to work for transformational leaders compared to transactional ones for they see opportunity to develop their career through switching responsibilities now and then. When employees are involved in number of assignments they will get a chance to learn from experience and through time their leadership skill will also be developed, which is one element of transformational leadership style.

**Table 13. Correlations between transformational leadership style and work activities dimension of job satisfaction**

		transformational	work_activities
transformational	Pearson Correlation	1	-.566**
	Sig. (2-tailed)		.001
	N	30	30
work_activities	Pearson Correlation	-.566**	1
	Sig. (2-tailed)	.001	
	N	30	30

\*\* . Correlation is significant at the 0.01 level (2-tailed).

According to table 14, transactional leadership style is strongly related to one of the five dimensions of job satisfaction, which is termed as work relationships dimension. This dimension constitutes relationship with co-worker, relationship with subordinates and relationship with supervisor. The finding shows employees become more satisfied when they know the working relationship grid in their work as compared to free enterprise style of leadership. That is why their job satisfaction related to relationship is strongly correlated to transactional, which means exchange, type of leadership.

**Table 14. Correlations between Transactional leadership style and work relationships dimensions of job satisfaction**

		transactiona 1	work_relationships
transactional	Pearson Correlation	1	.589**
	Sig. (2-tailed)		.001
	N	30	30
work_relationships	Pearson Correlation	.589**	1
	Sig. (2-tailed)	.001	
	N	30	30

\*\* . Correlation is significant at the 0.01 level (2-tailed).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

The main objective of the study was to examine the effect of leadership styles on job satisfaction of employees in PATH Ethiopia. Data was collected from employees currently working in PATH Ethiopia using the Multi Factor Leadership Questionnaire developed by Bass & Avolio (2004) and the Job Satisfaction Survey developed by Spector(1997). The summary, conclusion, and recommendation are presented in the following sections.

#### **5.1 Summary of Findings**

The discoveries of the study found that there is a positive relationship amongst transactional and transformational leadership style and employees' job satisfaction. The transformational and transactional leadership styles emphatically affected with employees' job satisfaction. At the end of the day, the discoveries upheld that employees working in PATH Ethiopia altogether favored both sorts of leadership styles. Be that as it may, there is a solid relationship between transformational leadership style and job satisfaction rather than the transactional leadership style.

#### **5.2 Conclusions**

Transformational leadership is an essential leadership style, which advances work execution and employees' satisfaction, as it has as of now been demonstrated by a few important research examines previously (Nielsen 2009; Paulsen, 2009; Eisenbeis and Boerner, 2010; Liu, 2011; Ahmad, 2013).

The findings of the study uncovered that the employees favored transformational leadership style over transactional leadership style subsequently the most elevated mean score of the worker job satisfaction measurement went to transformational authority style than transactional leadership style, individually.

The discoveries of this study are likewise prove by the connection demonstrated that there is a noteworthy number of respondents who upheld the nearness of the effect or relationship between leadership styles (transformational and transactional) and specific measurements of job satisfaction i.e. connections of employees with their managers and employment freedom. Workers were more satisfied by their transformational leaders contrast with transactional leaders in their managers supervision style and level of autonomy they had on their occupation since the transformational supervisors enabled their employees to lead their employment autonomously.

The current research work gives experimental confirmation of the significance of transformational leadership on advancing employee satisfaction in PATH situations, which is in accordance with the existing studies in this field. Transformational leadership was observed to be decidedly corresponded with employee satisfaction and the degree of individualized consideration and inspirational motivation to display the most elevated connections with general satisfaction among the majority of the leadership measurements. Transactional leadership was found not to advance job satisfaction, in spite of the fact that the measurement of leadership by special case (dynamic) appears to contribute some of the dimensions of job satisfaction.

Accordingly, the finding of the study made the accompanying conclusions; there is a significant relationship between leadership styles (transformational, transactional) and job satisfaction of employees. Furthermore, transformational leadership styles are exceptionally identified with workers' employment satisfaction contrast with the transactional leadership styles. When all is said in done, the research study accomplished its points of characterizing and evaluating the relationship between leadership styles and employees' job satisfaction in PATH Ethiopia based in Addis Ababa-Ethiopia.

### **5.3 Recommendations**

Considering the discoveries of this study, PATH Ethiopia should prescribe the accompanying focuses in connection to the impact of the leadership style (transactional and transformational) and their employees' job satisfaction. It is suggested from the exploration examine that leaders affect workers' employment satisfaction and it unmistakably demonstrated that the measurements of job satisfaction have a huge contrast to the style of the organizations' leaders. The result of the present study emphasizes the significance of suitable leadership style in such organizational settings.

The organization ought to guarantee that transformational leadership style ought to be advanced through the organization's strategies and representative assessments. Instructional classes, which would clarify the contrasts between the different leadership styles, stretch the productivity of transformational leadership and, at last, help and managers to receive a transformational style should be built up. In addition, an manger positioning strategy as indicated by the managers' style ought to be taken after and conveyed all through the organization, with a specific end goal to upgrade supervisors' requirement for getting to be good leaders.

Additionally recommended that the non-money related compensates especially employees' associations with their leaders and employment autonomy have a noteworthy effect in this study. Consequently, organisations ought to give center on money related prizes of employees as well as in nonmonetary prizes of workers.

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## **Appendix 1**

### **Questionnaire**

Dear,

My name is Fasika Yalew and I am currently a graduate student at Addis Ababa University, School of Commerce. Last year, I completed my course work and am currently enrolled in thesis work for this year. My thesis is entitled, "*The Effect of Leadership Styles on Employees' Job Satisfaction in PATH Ethiopia*".

The purpose of this research is to measure and analyze the effect of aspects of leadership styles on employees' job satisfaction. My purpose is not to evaluate individual managers or subordinates: rather it is to investigate and to gain insight of how certain leadership styles have a distinctive impact on employees' job satisfaction.

The data process will involve collecting data from all employees who work in PATH Ethiopia through this questionnaire. The confidentiality of all participants will be protected in my thesis and individuals will not be identified by name in or any other distinguishing factor in the thesis. I will be the only person with access to this data, including transcription. It is my hope that your involvement will lead to data that can be used to develop leadership styles which leads to higher levels of job satisfaction.

Your participation in helping me finalize my study is greatly appreciated. For any of your inquiries or in need of additional information I can be reached via email at: [fasikayalew2@gmail.com](mailto:fasikayalew2@gmail.com) or 251-911-724 - 743.

#### **I. Demographic Data**

Please fill out the following information:

1. Gender: Female       Male       2. Age: \_\_\_\_\_
3. Educational qualification: \_\_\_\_\_
4. Years of employment: \_\_\_\_\_      5. Position/ Job Title: \_\_\_\_\_
6. Number of subordinates under your supervision: \_\_\_\_\_

## II. Questions related to the research objective

The following two sections are all about leadership styles and job satisfaction. It is measuring your opinion towards the questions, there is no right or wrong answer for each. Please tick your preferences on the 5 point Likert scale prepared for this purpose.

### A) Leadership Styles Questionnaire

No	Items	Not at all (0)	Once in a while (1)	Sometimes (2)	Fairly often (3)	Frequently, if not always (4)
<b>My supervisor :</b>						
1	Acts in ways that build my respect					
2	Instills pride in me for being associated with him or her					
3	Goes beyond self-interest for the good of the group					
4	Considers the moral and ethical consequences of Decisions					
5	Displays a sense of power and confidence					
6	Spends time teaching and coaching					
7	Treats me as an individual rather than just as a member of a group.					
8	Considers me as having different needs, abilities, and aspirations from others					
9	Helps me to develop my strengths					
10	Re-examines critical assumptions to question whether they are appropriate.					
11	Seeks differing perspectives when solving problems					
12	Gets me to look at problems from many different angles					
13	Suggests new ways of looking at how to complete assignments.					
14	Talks about his or her most important values and beliefs					
15	Talks optimistically about the future sense of mission.					
16	Emphasizes the importance of having a collective					
17	Articulates a compelling vision of the future					
18	Specifies the importance of having a strong sense of Purpose					

19	Makes clear what one can expect to receive when Performance goals are achieved.					
20	Provides me with assistance in exchange for my efforts					
21	Discusses in specific terms who is responsible for achieving performance targets					
22	Expresses satisfaction when I meet expectations Be achieved					
23	Talks enthusiastically about what needs to be accomplished.					
24	Fails to interfere until problems become serious					
25	Waits for things to go wrong before taking action					
26	Shows that he or she is a firm believer in, “If it ain’t broke, don’t fix it.”					
27	Demonstrates that problems must become chronic Before taking action.					
28	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards					
29	Directs my attention toward failures to meet standards					
30	Concentrates his or her full attention on dealing. with mistakes, complaints, and failures.					
31	Keeps track of all mistakes.					

B) Job Satisfaction Survey

No	Items	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	<b>GENERAL WORKING CONDITIONS</b>					
	worked each week					
	Flexibility in scheduling					
	Location of work					
	Amount of paid vacation time/sick leave offered					
2	<b>PAY AND PROMOTION POTENTIAL</b>					
	Salary					
	Opportunities for Promotion					
	Benefits (Health insurance, life insurance, etc.)					
	Job Security					
	Recognition for work accomplished					

3	<b>WORK RELATIONSHIPS</b>					
	Relationships with your co-workers					
	Relationship(s) with your supervisor(s)					
	Relationships with your subordinates (if applicable)					
4	<b>USE OF SKILLS AND ABILITIES</b>					
	Opportunity to utilize your skills and talents					
	Opportunity to learn new skills					
	Support for additional training and education					
5	<b>WORK ACTIVITIES</b>					
	Variety of job responsibilities					
	Degree of independence associated with your work roles					
	Adequate opportunity for periodic changes in duties					

