ABSTRACT

The purpose of this study was to investigate the influence of leadership styles on the employee’s job satisfaction. To conduct the study, a descriptive survey research design was used and quantitative method was employed to analyze the data. The main instruments of data collection were questionnaires. A questionnaire with five points Likert scale was used to collect data on different dimensions of leadership styles and employees’ job satisfaction from 262 participants working in the selected department of production. This research has been conducted to determine the direct impact of transformational, transactional leadership and laissez-faire leadership styles on job satisfaction. The results showed that leadership style and its transactional and transformational dimensions have a significantly positive effect on both the employer and employee’s job satisfaction. The results indicate that the transformational approach contributes the most toward job satisfaction compared to the transactional style of leadership. The research results are very important for the management of targeted Industrial park at the higher level. This research article makes some recommendations on the basis of the results.

KEYWORDS: Leadership, Leadership style, Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership, Job Satisfaction, Hawassa Industrial Park.

INTRODUCTION

According to Uhl-Bien et al., (2007:299), organizations are facing competitive landscapes shaped by globalization, technology, economy, and politics. Research findings reveal that a high level of job satisfaction will produce a positive attitude towards job commitment, which in turn can reduce the level of absenteeism, terminations of service, negligence at work, and an increase in productivity as well as efforts toward work excellence.

The most appropriate method of measuring the employee’s reactions to their jobs is the use of rating scales where employees report their opinions. Research has demonstrated, to some degree, the existence of statistical associations between leadership styles and employee-job satisfaction levels. Emery and Barker (2007) reviewed this association and found that employees being managed under a transformational leadership style displayed higher levels of job satisfaction, against associated factors such as charisma and intellectual stimulation. Conversely, employees being managed under a transactional leadership style, displayed higher levels of job dissatisfaction, against associated factors such as management by exception.

A study conducted by Flynn (2009), revealed that leadership is a process, whereby, one influences the behavior of another through personality and intellect rather than violence or threat. Leadership is viewed as one of the fundamental drivers of organizational success for the present and the future.
Leadership theory suggests that transformational leadership, transactional leadership and laissez-faire leadership styles are related to job satisfaction. According to Mester et al., (2003:74), several studies have indicated that transformational leadership results in higher levels of job satisfaction than transactional or laissez-faire leadership.

Therefore, this research study seeks to establish a relationship between job satisfaction and leadership styles, in order to critically challenge the views expressed above.

1.2. Statement of the Problem

Leadership in an organization has a strong effect on employees’ attitudes towards their job. The success of any organization is mostly dependent on an organization’s management team and the leadership style used (Saleem, 2015). This awareness and implementation of leadership styles gives a company an advantage over their competitors (Riaz & Haider, 2010).

Job satisfaction has been defined as an enjoyable and positive experience felt by an employee, because a leader gives them a sense of being appreciated for their work (Locke, 1976). Hawassa Industrial Park (HIP) is a flagship industrial park developed and supported by the Ethiopian government and foreign countries specializing in textile and garment production. The aim of the study was to investigate the relationship between leadership styles (Transaction, Laissez-Faire and Transformational) and employee’s job satisfaction.

As the industrial park is an emerging industry in Ethiopia, this study proposes to identify which leadership style can create a competitive and the most productive industry in the world. Findings of the study will contribute to the effectiveness of the organization, thereby, adding to its competitive advantage. Furthermore, findings would allow the organization to become more effective by understanding the factors that relate to job satisfaction. Other researchers conducting similar studies would be able to compare their results with this study, thereby, adding to the existing knowledge in this area.

BASIC RESEARCH QUESTIONS

Patterson, Warr and West (2004:5) suggest that an employee satisfied with his/her job is a productive employee. Hence, the following basic questions were raised.

- Is there a statistically significant relationship between leadership styles (Transformational, Transactional and Laissez-Faire) and employee’s job satisfaction?
- Is there a statistically significant difference in the impact of different leadership styles on the employee’s job satisfaction level?
- Is there a statistically significant difference in the perceptions of leadership styles and job satisfaction among the respective demographic variables?
- Which leadership style best predicts the job satisfaction of employees?

1.3. Objectives of the study

1.3.1. General objective

The major purpose of the study was to investigate the influence of leadership styles on the employees’ job satisfaction.

1.3.2. Specific objectives

The specific objective of this study is to:

- examine the relationship between leadership styles (transformational, transactional and laissez-faire) and employees’ job satisfaction
- investigate the differences in the level of employees’ job satisfaction with regard to the various leadership styles.
- examine the influence of the demographic variables on job satisfaction and leadership style; and
- determine the leadership style that best predicts the job satisfaction of employees.
1.4. Significance of the Study

This research study provides information about the effect of leadership style on the job satisfaction of employees within Hawassa Industrial Park. More specifically, this study has the potential to identify the leadership style that has an impact on employees’ satisfaction in relation to their job. Furthermore, this study will identify the factors that may produce opportunities for future improvements and it will serve as a reference for future studies of similar kind.

1.5. Operational Definitions

Leadership: - Leadership is the ability to inspire confidence and support among the people who are needed to achieve organizational goals.

Leadership Style: - Styles reflect the process by which the leader interacts with others to get the job done.

Transformational Leadership: - Transformational leadership is development oriented for the purpose of change.

Transactional Leadership: - Transactional leadership motivates followers by appealing to their self-interest and it is based on exchange relationship, whereby, followers’ compliance is exchanged for expected rewards.

Laissez-faire Leadership: - This refers to the absence of leadership. A person in such a leadership role avoids making decisions and carrying out the supervisory responsibilities.

Job Satisfaction: - Job satisfaction refers to the extent to which employees' expectations are being met in relation to their jobs.

2. LITERATURE REVIEW

2.1. Introduction

This chapter discusses the literature related to job satisfaction and leadership styles. It reviews theories, models and sources of job satisfaction and leadership styles. It also critically analyses the relationship between these variables based on findings and recommendations of previous research. The strategic aim of the literature review is to build a conceptual foundation from which understanding can be drawn about the relationship between the variables. Job satisfaction in the workplace in the twenty-first century must advance along with the advancement of globalization. Leadership in the twenty-first century is also evolving. As satisfaction levels have dropped, the need for motivational leadership has increased (Bryman, 1992). The relationship between leadership and job satisfaction is increasingly important in understanding today’s globalized society. Therefore, the purpose of this research study is to investigate the relationships between the perception of a leader’s leadership style and job satisfaction among the employees of Hawassa Industrial Park. Finally, identification of gaps in the knowledge base and how this study addresses them will be discussed.

2.2. Job Satisfaction

A review of literature on job satisfaction shows that the issue has been studied in many different fields including: nursery, psychology, sociology, and management. From the time of Herzberg et al (1957), the concept of job satisfaction has been challenged and revived several times. Locke (1976) states that job satisfaction is a positive or desirable emotional state resulting from the employee’s job experience.

2.3. Job Satisfaction Theories

According to Peerbhai (2005:18), motivational theories that address the issue of job satisfaction are: The Need theories, the Equity theory, and the Job Characteristics theories. Andersson et al., (2009:891) also identify the Need theories, the Equity theory and Job Characteristics theory as appropriate theories that address job satisfaction adequately. Motivational theories become useful when trying to establish how various motives affect human behavior.

These theories will collectively be called Job Satisfaction Theories and will be discussed in more detail.

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2.3.1. Need Theories
This theory is based on the presumption that all people have needs, with each need having a different importance for different individuals. Odurukwe (2005:251) claims that every individual has a set of personal needs and it is this set of needs that influences a person to adopt a specific behavior.

2.3.1.1. Maslow’s Hierarchy of Needs
The use of Maslow’s theory of hierarchy of needs is utilized in a wide range of studies due to its ease of understanding. According to Dye et al., (2005:1375), Maslow’s theory is widely accepted because of a continued and widespread interest in his work and is, therefore, a preferred choice over other theorists in this field of study.

2.3.1.2. McClelland’s Needs Theory
David McClelland developed a theory based on the belief that culture influences how individuals view their jobs and lives. The theory is also referred to as the “achievement-motivation” theory (Dagnan et al., 2009). Needs are found in varying degrees and the combination of these needs shape a person’s behavior and attitude. The first is the need for achievement which is the need for the pursuance and attainment of goals and striving for excellence.

2.3.2. Job Characteristic Theories
2.3.2.1. Herzberg’s Two-Factor Theory
This theory is based on the belief that a satisfied employee is a productive employee. Herzberg claims that motivators only can increase job satisfaction and this arises from a challenging job and attitudes toward jobs because job satisfaction can satisfy the worker’s need for self-actualization.

2.3.3. Equity Theory
Equity is defined as a type of justice based on merit or contributions of an employee. Equity is assumed to be a cognitive process of evaluation, whereby, an employee seeks a balance between efforts in the workplace and anticipated rewards (Dagnan et al., 2009). The equity theory suggests that job satisfaction is dependent on the extent to which a person believes reward exceeds effort.

2.4. Leadership
Leadership is a process by which an individual influence working colleagues toward accomplishing common goals (Flynn, 2009:2). It involves influencing the participation of colleagues and providing guidance in a specified course to be navigated. According to Naidu and Van Der Walt (2005:2), an effective leadership style influences change and creates the impetus for transformation. Leadership is also viewed as a process of initiating, executing and evaluating aspects of organizational change.

2.4.1. Leadership Styles
Literature on leadership identifies transformational leadership, transactional leadership and laissez-faire leadership as the three common leadership styles in the current climate, with transformational leadership and transactional leadership being the most dominant ones (Master et al., 2003:72).

2.4.1.1. Transformational Leadership
Research highlights transformational leadership as a preferred style to enhance performance levels in organizations. According to Nielsen et al., (2008:466), transformational leaders are described as leaders who broaden and elevate the interests of their followers, stimulate awareness and enable them to transcend their own interests for the betterment of the organization. Transformational leadership focuses on promoting development and strategic thinking in the organization and carries on the change process more effectively than others.
Transformational leaders take care of others and never discriminate on the basis of race, color, sex, religion, age or social class (Temong, 2004).

**Figure 2.1: Transformational leadership attributes**

![Transformational Leadership Attributes Diagram](image)

Source: Self-generated

### 2.4.1.2. Transactional Leadership

Transactional leaders are seen as leaders who reward employees for task completion, thereby attaining power from the transactions. According to Naidu and Van De Walt (2005:2), a high degree of focus is placed on goal achievement together with a rational exchange rewards system for good performance and punishment for sub-standard performance. Cilliers et al., (2008:253) also view transactional leadership as a social exchange process whereby tasks are agreed to and clarified between the leader and follower that a successfully completed task will result in a reward and avoidance of punishment.

**Figure 2.2: Transactional leadership attributes**

![Transactional Leadership Attributes Diagram](image)

### 2.4.1.3. Laissez-Faire Leadership

According to McColl-Kennedy and Anderson (2005:116), laissez-faire leadership is a passive style of leadership that is reflected by high levels of avoidance, indecisiveness and indifference. It is also commonly viewed as the absence of leadership where the leader takes a “hands-off” approach, abdicating responsibility, delaying decisions, and provides no feedback to employees (Hirasawa, 2008:603).

### 2.5. Leadership Styles and Job Satisfaction

#### 2.5.1. Transformational Leadership and Job Satisfaction

Studies conducted earlier support the fact that a positive relationship exists between transformational leadership style and job satisfaction. Results of a study conducted by Nielsen et al., (2008:465) reveal that transformational leadership is positively associated with better employee working conditions.

#### 2.5.2. Transactional Leadership and Job Satisfaction

Hirasawa (2008:603) claims that the leader displays behaviors intended to prevent potential problems before they arise. Applying the job characteristics model of Oldham and Hackman, feedback will provide employees with knowledge of results about a particular task. Although the follower may fear reprimand for noncompliance, satisfaction could be gained from knowing that tasks are over inspected in
order to proactively prevent potential failures. Followers will also be motivated to ensure that tasks are performed with diligence in order not to face reprimand.

2.5.3. Laissez-faire Leadership and Job Satisfaction

Cilliers et al., (2008:255) also agree that laissez-faire leadership affords followers the possibility of self-management. They view the process of avoidance by the leader as an opportunity for followers to work unsupervised and become leaders in their own way, through self-development. Madlock (2008:65) argues that inadequate supervision, as in the case of the laissez-faire leader, could result in weak interpersonal relationships, resulting in low employee satisfaction and productivity levels which are supported by Herzberg’s Two-Factor Theory.

3. RESEARCH METHODOLOGY

3.1 INTRODUCTION

The main aim of the study was to examine the influence of leadership styles on the employee’s job satisfaction. This chapter outlines the research methodology utilized to collect both the primary data and secondary data. The chapter begins by explaining the research design, sampling methods, data collection, data analysis and concludes with validity and reliability testing. Descriptive and inferential statistics were used to analyze the data. Quantitative data were collected to gain insight into the perceptions of job satisfaction with varying leadership styles. The target population for this study included all employees, who had studies from grade 8 to higher levels, and who were involved in operations and production on a daily basis. The target population consisted of 759 employees. Therefore, according to Sekaran and Bougie (2010:295), 262 is a reliable sample size (n) for a given population size (N) of 759 employees.

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

where; n = the correct sample size
\[ e = \text{Margin of error (0.05)} \]
\[ N = \text{total number of population (759)} \]

Simple random sampling was used as the preferred type of probability sampling for the target population. The questionnaire utilizes the 5-point Likert Scale to obtain responses from the respondents which is rated from very satisfied (5) to very dissatisfied (1). The pilot test was conducted with fifty employees from the target population. The overall reliability statistic of 0.831 obtained was considered to be excellent. The reliability coefficients for job satisfaction (0.954) and overall leadership styles (0.828) were also very acceptable since they were above 0.70. SPSS package version 20 was used to analyze quantitative data.

4. DATA ANALYSIS

4.1 FINDINGS OF THE STUDY

The majority of the participants were females 184 (70.2%), while there were 78 (29.8%) males. The involvement of women in employment was assumed to improve female’s participation in economic development of the country and to minimize gender-based job divisions. The majority of the participants were between the ages 26-33 (45.8%) age group, followed by the 34-41 group (36.3%), and the 18-25 group (17.9%), indicating that the average number of employees were in the productive age group. Regarding educational levels, the majority of subjects have diploma level education (37.8%) followed by grade 9-12 (28.6%), grade 1-8 (19.8%) and degree level education (13.7%).

The textile department of production in Hawassa Industrial Park is the only department of production involving the participants. The majority of participants had 7 and 12-month (40.1%) year of services followed by 13 to 18-month years of service (33.6%) and 1 to 6-month year of service (26.3%). Regarding racial profile, only Blacks were participating in the production of textiles. This would facilitate the
work experience of blacks in the production sector and would create job opportunities for the unemployed in the country.

The relationship between leadership styles and job satisfaction

The correlation result depicts that there is statistically significant positive relationship between intellectual stimulation and job satisfaction \( (r=0.138; p<0.05) \). According, to the results of this study, the effect of intellectual stimulation on job satisfaction has been more successful than the effects of transformational leadership and its various dimensions. There is a statistically significant positive relationship between constructive transaction and job satisfaction \( (r=0.161; p<0.05) \). According, to the results of this study, the effect of constructive transaction on job satisfaction has been more successful than transactional leadership and its dimensions. There is no statistically significant relationship between laissez-faire leadership \( (r=0.030; p>0.05) \) and job satisfaction.

Employees perceptions of leadership styles among the respective demographic variables.

The results of this study show a statistically significant difference in the perceptions of overall transformational leadership between males and females and this means that they perceive their leaders differently in the organization. There was a statistically significant difference at the \( p < 0.05 \) level in idolized influence for the groups at the various educational levels. The effect size, calculated using eta squared, was 0.089. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for grades 1 to 8 was significantly different from that for the grade 9 to 12 and the degree and diploma holders.

The results indicate that, that personality changes with educational level and it may cause a change in certain aspects of interpersonal effectiveness. Therefore, educational level of the leaders has effects on employees’ job satisfaction. There is a significant difference between 18 to 25 age groups and 26 to 33 age groups; 18 to 25 age groups and 34 to 41 age groups with regard to idolized influence. There is also significant difference between 18 to 25 age groups and 26 to 33 age groups; 18 to 25 age groups and 34 to 41 age groups with regard to intellectual stimulation. Therefore, Eta squared for idolized influence and intellectual stimulation was 0.071 and 0.084 respectively. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for age 18 to 25 age group was significantly different from that for the grade 26 to 33 age groups; and 34 to 41 age groups for idolized influence and mean score for age group 18 to 25 was significantly different from age groups of 26-33 and 34-41 for intellectual stimulation.

There is some evidence that personality changes due to ageing may cause a decline in certain aspects of interpersonal effectiveness. As the age of leaders’ increases they develop many strategies of problem solving. There is a significant difference between those who have had 7 to 12 months and 13 to 18 years of service with regard to the perception of transformational leadership. There is also a significant difference between employees with 1 to 6 months of service and 13 to 18 months; 7 to 12 months and 13 to 18 years of services regarding individualized consideration. Eta squared for transformational leadership and individualized consideration was 0.026 and 0.032 respectively. Despite the statistically significant results, the actual difference in meanscores between groups was very small. Post-hoc comparisons using the Tukey HSD test indicated that the mean score for 7 to 12 months of service was significantly different from 13 to 18 month of service for transformational leadership and 1 to 6 months of service was significantly different from 7 to 12 months of service and 13 to 18 months of service for individualized consideration. The reason being that, when different organization provide the same products and services, effective leaders who have an experience in the area are needed in order to compete and survive in a competition.

Transactional Leadership and the Demographic Variables

The results show that there is a statistically significant difference in the perception of males and females regarding active management by exception. The result indicates that males and females perceive their leaders differently in the organization. There is a significant difference between grades 1 to 8 and 9 to 12 and diploma holders regarding active management by exception; grade 1 to 8 and diploma holders for
constructive transaction and grade 1to 8 and diploma holders, 1to 8 and degree holders and 9to 12 and
degree holders for passive management by exception respectively. Therefore, Eta squared for active
management by exception is 0.042; constructive transaction 0.036 and passive management by exception
0.07. Despite the statistically significant results, the actual difference in the mean scores between groups was
small for active management by exception and constructive transaction and medium effect for passive
management by exception. There is also significant difference between 18to 25 and 34to 41 age group with
regard to passive management by exception.
Therefore, Eta squared for constructive transaction is 0.059 and for passive management by exception is 0.048 respectively. Despite the statistically significant results, the actual difference in the mean scores between the groups was small. Post-hoc comparisons using the TukeyHSD test indicated that the mean score for age 18to 25 was significantly different from that of the age groups 26to 33 and 34to 41 for constructive transaction and mean score for age 18to 25 was significantly different from that of the age group of 34to 41 for passive management by exception.

Laissez-Faire Leadership and the Demographic Variables
There is a statistically significant difference between employees with 7to 12 months of service and
13to 18 years of service in the perception of laissez-faire leadership. The effect size, calculated using eta
squared, for laissez-faire leadership was 0.028. The actual difference in the mean scores between groups had a
small effect. Post-hoc comparisons using the TukeyHSD test indicated that the mean score for employees
with 7to 12 months of service was significantly different from the scores of employees with 13to 18 months
of service for laissez-faire leadership.
The leadership style that will be most significantly explained the variance in job satisfaction
The regression coefficients show that intellectual stimulation and individualized consideration
(transformational leadership) are both individually and jointly significant. However, intellectual stimulation
influences job satisfaction the most, followed by individualized consideration. Finally, Durbin-Watson
informs us whether the assumption of independent errors is tenable. If the value is closer to 2 then that
value is desirable. For this study the value is 2.132, which is close to 2 and therefore, it can be stated that the
assumption has certainly been met.

CONCLUSION
Based on data analysis the following findings are summarized below:
- There is a statistically significant relationship between intellectual stimulation and job satisfaction.
- There is a statistically significant relationship between constructive transaction and job satisfaction.
- There is a statistically significant difference between idolized influence and educational levels.
- There is a statistically significant difference in the perceptions of idolized influence and intellectual
  stimulation among the age groups.
- There is a statistically significant difference in the perceptions of transformational leadership and
  individualized consideration with regard to various years of services rendered by the employees.
- There is a statistically significant difference in the perceptions of overall transactional leadership and the
  years of service.
- There is a statistically significant differences in the perceptions of males and females regarding laissez-
  faire leadership.
- The regression coefficients show that intellectual stimulation and individualized consideration
  (transformational leadership) are both individually and jointly significant.
- However, intellectual stimulation influences job satisfaction the most followed by individualized
  consideration.
RECOMMENDATIONS

Based on the findings of the study, the following recommendations are suggested:

- Organizations that have leadership capability to change their management approach should adopt transformational leadership attributes more than the adoption of transactional or laissez-faire attributes.
- The leader should take the time and effort to personally communicate the organization’s vision and values in order to imbibe the concept in the minds and hearts of the employees.
- Vision and values should be displayed at all work areas to act as a reminder of the existence of the organization. To be seen as an ethical role model, respect to subordinates is of utmost importance.
- Additionally, compliance to objectives and targets should be measured and effectively communicated to all employees on a monthly basis in all work areas.
- In addition, technical training initiatives would be advantageous in creating an environment that would stimulate thinking and growth. Leaders within the organization should be aware of the leadership styles that they practice and the influence the styles have on job satisfaction levels of employees.
- The leadership style selected should be helping in realizing the vision of the organization as well as the well-being of employees.
- The concerned body should work to assure male and female employees equal work rate in any department of production planned for the future. The organization should design healthy professional and service support for employees.
- Some of the support needed for the employees that increases employees’ job satisfaction in industrial park would be house allowance, support services, incentives and approval.
- Managers and supervisors should hear, solve, and remove employees’ problems from the roots. The organization should acquire knowledge and innovate fast enough to maintain its competitive advantage in a rapidly changing environment.

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