ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

THE RELATIONSHIP BETWEEN EMPLOYEES' PERCEIVED LEADERSHIP STYLE AND JOB SATISFACTION: THE CASE   OF COMMERCIAL BANK   OF ETHIOPIA

BY

KALKIDAN BERHANU

ADDIS ABABA, ETHIOPIA

JANUARY, 2019

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A THISIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL OF GRADUSTE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINSTRATION (MBA)

ADDIS ABABA, ETHIOPIA

JANUARY, 2019

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
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ABBRIVATIONS

CBE - Commercial Bank of Ethiopia

SPSS - Statistics Packages for Social Science

CSO - Customer Service Officer

ABSTRACT

The purpose of this study was to assess the effects of employees perceived leadership style and their job satisfaction in case of commercial bank of Ethiopia Addis Ababa regions. The study employed explanatory research design and quantitative research methods employed. Primary sources of data were used in the study. In addition the study employed a simple random sampling technique to collect data from professional employees of commercial bank of Ethiopia found in branches under the districts of Addis Ababa and head office. Accordingly, 386 questionnaires were distributed and 375 were obtained & used for further analysis. The collected data was analyzed using SPSS software version 20. In addition, to analyze the collected data descriptive statistics (frequencies, means & standard deviations), Correlational and regression analysis is used to investigate the relationship between leadership styles and job satisfaction. The finding of this study indicated that job satisfaction of CBE employees is significantly affected by the two types of leaders behavior (transformational and transactional leadership style) in addition, it was found that Laissez-faire leadership style has a negative effect on job satisfaction of CBE employees while the remain two behaviors (transformational and transactional leadership style) had a positive effect on job satisfaction .Accordingly the researcher forwarded the following recommendation. The bank should determine the appropriate leadership style to implement for employees to achieve organizational goal, the leaders should lead by example in certain situations to provide as a role model for subordinates, the leaders in CBE should to implement its standardize leadership style & should Further research studies can be conducted on the investigation of other factors such as demographic factors , Future studies can benefit by including leadership styles other variables in determining employee performance.

Key words: Leadership Styles, Transformational Leadership, Transactional Leadership, Laissez-faire Leadership, Job Satisfaction and CBE employees.

CHAPTER ONE

INRODUCTION

1.1 Background of the Study

Leadership is critical to every company. Workers need someone to look to, learn from and thrive with. Every leader has his own style and strategy. Leadership is unique to everyone. Further, leadership styles and methods vary because of outside influences and personal challenges. Leadership is the ability of an individual or a group of individuals to influence and guide followers or other members of an organization. It involves making sound and sometimes difficult decisions, creating and articulating a clear vision, establishing achievable goals and providing followers with the knowledge and tools necessary to achieve those goals. Leaders of any organization are expected to carry out tasks with limited resource to the maximum level in order to maintain the competitive edge and sustain profitability position of the organization (Raiz and Haider, 2010).

Leadership style is the relatively consistent pattern of behavior that characterizes a leader. Today's organizations need effective leaders who understand the complexities of the rapidly changing global environment. Different leadership styles may affect organizational effectiveness or performance. According to Oladipo and Jamilah (2013) the success or failure of organization, nations and other social units has been largely credited to the nature of their leadership style.

In the current period of mechanical and hierarchical advancements, viable execution requests employees to be capable, satisfied and conferred. Organizations 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.

Job satisfaction is an affective feeling an employee has towards their job. This could be the job in general or their attitudes towards specific aspects of it, such as: their colleagues, pay or working conditions. In addition, the extent to which work outcomes meet or exceed expectations may determine the level of job satisfaction. Job satisfaction is one of the most researched variables in the area of workplace psychology (Lu and Barriball, 2012), and has been associated with numerous Psychosocial issues - the changing world of work and organizational factors ranging from leadership to job design.

Organizational support is important to employee satisfaction and loyalty, leadership   behavior and how the employees perceive their superior support also play a vital role in obtaining the desired work outcomes. Successful organizations normally have satisfied employees while poor job satisfaction can cripple an organization. Job satisfaction consists of overall or general job satisfaction, as well as a variety of satisfaction facets (Voon and Ayob, 2011).

Organizational commitment and job satisfaction are important attitudes in assessing employees' intention to quit and the overall contribution of the employee to the organization (Lok and Crawford, 2003). Job satisfaction is influenced by many organizational contextual factors, ranging from salaries, job autonomy, job security, workplace flexibility, to leadership. Leaders within organizations can adopt appropriate leadership styles to affect employee job satisfaction, commitment and productivity. Employee job satisfaction refers to the attitude of employees towards their jobs and the organization which employs them (Voon and Ayob, 2011).

Effective leadership and employee job satisfaction are two factors that have been regarded as fundamental for organizational success. Employees with high job satisfaction are likely to exert more effort in their assigned tasks and pursue organizational interests. An organization that fosters high employee job satisfaction is also more capable of retaining and attracting employees with the skills that it needs (Voon and Ayob, 2011).

Commercial Bank of Ethiopia (CBE) is the largest commercial bank in Ethiopia. As of Dec 2017 it had about 20.8 billion US Dollar (485.7 Billion ETB) in assets and held approximately 67% of deposit and about 53% of all bank loans in the country. As leadership plays a major role in the success and failure of an organization, management of CBE needs to engage with good

leadership style to satisfy employees and so as to meet its organizational vision, as CBE's vision is to become a world class commercial bank by the year 2025.

Without employees' job satisfaction any organization or for this specific research CBE can't meet its goal. There are many factors that may enhance job satisfaction of employees like working conditions, work itself, supervision, policy and administration, advancement, compensation, interpersonal relationships, recognition and empowerment but leadership has a major relationship to enhance employees' job satisfaction. This study entails to examine the relationship between employees' perceived leadership style and job satisfaction in the context of Commercial Banks of Ethiopia.

1.2   Statement of the Problem

There is a relationship between low job satisfaction and turnover (Gioia & Catalano, 2011). Researchers have argued that certain leadership styles and behaviors result in low job satisfaction, causing high employee turnover (Gioia & Catalano, 2011; Yang, Wan, & Fu, 2011). According to Gioia and Catalano (2011), employees who feel unappreciated by managers and are dissatisfied with the leadership style tend to report low levels of job satisfaction, resulting in resignations. Managers who fail to realize the influence of leadership styles on job satisfaction of employees contribute to low job satisfaction.

The failure by managers may lead to high employee turnover in the workplace, and decrease employee production, ultimately resulting in business failure (Yang et al., 2011). 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. Job satisfaction is the major determinant of organizational achievement. Satisfied employees go beyond the standard, are committed, cooperative, confident, have less absenteeism, and have team spirit to an organization because they feel more satisfied by the leadership styles practiced in the organization, so employees tend to be more successful.

Financial institutions follow some standard managerial grids to direct strategic issues and to achieve its goals. The benefit package and remuneration of employees working in financial institutions are assumed by far better compared to other local organizations. But, researchers didn't address the effects of leadership styles of managers for the satisfaction of employees working in commercial banks. 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 commercial Bank of Ethiopia to be concerned to satisfying employees' needs by acquainting with competent managers or leaders.

As per the student researcher observed some branches of CBE, some kind of dissatisfaction is observed. Hence, this study is designed to assess the relationship between employees' perceived leadership style and job satisfaction in selected branches of commercial bank of Ethiopia.

1.3 Research Question

Consistent with the research problem, the following research questions are developed:
1. To what extent employees are satisfied on their job at CBE?

2. What kind of leadership style is adopted at CBE as perceived by employees?

3. What is the degree of effect of leadership style on employees' job satisfaction?

1.4 objective of the study

1.4.1 General Objective

The overall objective of this study is to assess the relationship between leadership styles and employees job satisfaction.

1.4.2 Specific objective

The specific objective of the study is

1. To determine employees' level of satisfaction at CBE
2. To determine the perceived leadership style being adopted at CBE
3. To examine the impact of the perceived leadership style on employees' job satisfaction with particular reference to CBE

1.5 Significance of the Study

The findings benefit front line managers with a greater understanding of the importance of effective leadership and the effect of the leadership on employees' job satisfaction. In a competitive environment, increasing the focus on sustainability and the financial performance of the organization is easy for management. Organizational executives should make certain that first level managers are utilizing the most effective leadership style to produce the highest level of job satisfaction among employees to minimize turnover.

If organizations had an insight into the leadership style that results in the highest levels of employee job 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.

The current study is important because the findings advance the knowledge of organizational leadership for several reasons. First, understanding employees' expectations of job satisfaction reveals whether common leadership styles meet employee's expectations. Second, recognizing the underlying causes of job satisfaction assist supervisors in improving employees' quality of

work life and developing strategies that improve employee retention. Third, as the focus of the current study is on the workers' experiences, rather than leaders' viewpoints, the employees' perspectives are more important to the current research. Consequently, understanding employees' insights increase employees' identification with the organization and improve the quality of work life.

This study benefits Commercial Bank of 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.

1.6 Delimitation/Scope of the Study

Due to the geographical location, large organizational size, time and resource constraints the study was delimited to some selected branches of CB

E. CBE has 15 districts and above 1300 branches around the country. This paper covered only branches located in Addis Ababa region. The study involved 386 employees and it was conducted by applied Mixed research method. The study is subjected to academic calendar of the university. In this research only the relationship of leadership styles and employees job satisfaction is considered. Other motivational indicators were not be considered for this purpose. Despite some shortcomings, the researcher identifies that what kind of relationship between leadership styles and employee job satisfaction have. The conceptual framework shows how the independent variables (Leadership style) relate to the dependent variables (employee job satisfaction).

1.7   Organization of the Paper

This study has the following chapters: the first chapter is introductory which consists of background of the study, statement of the research problem, objective of the research, research questions, significance, and scope of the study. The remaining section of this research study is divided into four additional chapters. Chapter two addresses a review of literature, which includes prior research on leadership styles and employees' job satisfaction. Chapter three discusses the research design and methodology. Results and discussion are presented in chapter four. In this chapter, an analysis of the relationship between leadership styles and employees' job satisfaction is discussed. Chapter five summarizes and concludes on the findings of the study and state recommendation based on the findings.

CHAPTER TWO

REVIEW OF RELATAED LITRATURE

2.1 Introduction

This chapter serves as the foundation for the progress of the study. It presents the related literature reviewed on leadership, leadership styles, job satisfaction and relationship between leadership style and job satisfaction. Under this chapter different definitions of leadership, leadership styles and job satisfactions are presented. Factors that influence leadership styles as well as job satisfaction are also discussed in this chapter. The chapter also provides the conceptual framework that shows the relationship between the dependent and independent variables of the study.

2.2 Leadership Styles

2.2.1 The Concept and Meaning of Leadership Style

Before classifying leadership styles into different categories, it is important to define the term itself. Different writers have defined the term differently. According to Northouse (2013), "leadership style consists of the behavior pattern of a person who attempts to influence others." The definition given by Amirul and Daud (2014) is somewhat similar to Northouse's definition. The writers defined leadership style as "behavioral models used by leaders when working with others. (Rizi, R., Azadi, A., Farani, M. & Aroufzad, S, 2013).

The definition given by Josanov-vrgovic and Pavlovic (2014) is more directed towards school principal. Accordingly, they defined principal's leadership style as "principal's behavior in a working process, which influence all school performances." In this case, the influence is directed toward the whole school's functioning, rather than followers or subordinate alone. However, this does not mean that the school followers are excluded from the definition. This means the behavior should be continuous. Thus, leadership style is a way of dealing with followers that is consistent. (Bernstein & Nash, 2008).

2.2.2 Types of Leadership Styles

A number of leadership theories have been propounded by various management experts considering behavior, traits, nature, etc. namely, Authoritarian, Laissez-faire, Transactional, Transformational, Paternalistic and Democratic. For this specific research transformational, transactional and laissez-faire leadership styles are discussed.

2.2.2.1 Transformational Leadership

Transformational leadership is a system of supervision that was first introduced by James MacGregor Burns in 1978. Northouse (2013) described the term transformational leadership as "the process whereby a person engages with others and creates a connection that raises the level of motivation and morality in both the leader and the followers." Transformational leaders pay attention to the needs of their followers and support them so that the subordinates reach their maximum potential. Transformational leadership can be defined as the process by which leaders transform and motivate followers by raising the awareness of the followers about the values of the organization (Jacobsen, 2013).

For Arzi and Farahbod (2014) transformational leadership involves an attempt by the leader to influence the followers in a positive direction. Transformational leader motivates the followers so that they perform better than intended level. The leader tries to influence the beliefs, attitudes and values of the followers instead of just complying with existing ways of doing things.

According to Bass and Riggio (2006), transformational leadership can be taken as an expansion of transactional leadership. Instead of simple exchange that may take place between the leader and followers, transformational leaders inspire followers to commit themselves to common vision and goals of agency, giving them challenging work, enhancing followers' leadership capacity. These types of leaders raise leadership to the next level. Such leaders encourage their subordinates to go beyond their self-interest for the common or organizational benefit (Metwally, El-Bishbishy & Nawar, 2014; Jacobsen, 2013). Bass and Riggio (2006) indicated that transformational leadership has much in common with charismatic leadership, but charisma is only part of transformational leadership." Critics of both charisma and transformational leadership have identified the bad side of charisma. That is, there are some leaders who use

charisma to inspire and lead followers for destruction and bad ends. The writers called such leaders pseudo-transformational leaders. Thus, charisma can be used for good end as well as for destructive results.

Research findings disclosed that transformational leaders encourage followers to look beyond own self-interest. In addition, the transformational leader strives to achieve organizational goals, set clear goals, and reach for high expectations (Antonakis, 2012; Bushra, Usman, & Naveed, 2011; Money, 2011; Northouse, 2013). In addition, Northouse and Antonakis concluded that transformational leadership has more in common with transactional leadership than laissez-faire leadership.

As with any form of leadership, there are advantages and disadvantages of transformational leadership which must be examined. Although transformational leaders do inspire higher levels of trust and respect, there must also be an absolute believe in the "rightness" of the vision being pursued. If a transformational leader loses faith, so does the rest of their team (Brandon,2018).

2.2.2.1.1 Advantage of transformational leadership

In any leadership there is advantages and disadvantages of transformational leadership style. Bass and Riggio (2006) has categorized into five advantages of transformational leadership style.

 First transformational leaders create and manage change; for organizations and brands to evolve, they must be willing to change, improve, and expand over time. When new initiatives are in place, transformational leadership is the best style available to bring others on-board to the vision being introduced. They are able to sell the changes, improvements, or expansion required because they already believe in the process. They make the changes themselves, which encourages others to make the changes as well. Likewise scholar Brandon (2018) mentioned that the transformational leadership style allows the leader, the followers, and the organization to eventually reach their full potential if implemented correctly.

Second new corporate visions can be quickly formulated; transformational leaders do an excellent job of incorporating a new vision into their current situation. They are also good at recognizing gaps or problems in the process of a vision, which allows them to make adjustments or recommendations to correct the situation immediately. Then, because their charisma helps to

sell the morality of the vision to their followers, the adoption of the new vision filters quickly down the hierarchy of the organization to get everyone onto the same page.

Third transformational leaders are excellent communicators; one of the biggest issues corporations face with general productivity is a lack of team communication. When team members are not properly informed of job duties, expectations, or project stipulations, then they cannot be fully productive. Transformational leaders are forced into a position where they must be an excellent communicator. They must provide consistent feedback to their followers to keep them pointed toward the vision or goal being worked toward. Without this communication, it is almost impossible for this leadership style to succeed (Brandon, 2018).

Forth transformational leaders seek to avoid coercion; transformational leader does not want to use their position to control others. They do not use fear or influence to coerce compliance. This leadership style prefers to use inspiration as the motivator for change instead. These leaders use humanistic concerns to change internal cultures because they bring the concept of hope back into the big picture. That is why the followers of a transformational leader are often loyal to a fault with their devotion. They adopt the morality and ethics of the transformational leader in their own lives (Brandon, 2018).

Fifth they try to treat peoples as an individual's; transformational leaders believe in the power of perspective. They treat each follower as an individual, with their own unique needs and capabilities. That approach keeps the team environment informal and friendly because it treats followers as an equal. Directions are followed through support, advice, and encouragement, along with role-modeling, instead of issuing orders. Transformational leaders will even assign specific tasks based on their knowledge of each person's unique motivations, abilities, and strengths.

2.2.2.1.2 Disadvantage of transformational leadership

However, despite the benefits attributed to transformational leadership, there are some aspects that make this leadership style is not appealing.

First transformational leaders can develop negative outcomes; transformational leadership does provide many positive outcome opportunities. Each positive opportunity offers a negative

outcome potential as well. As they like to say in the Star Wars universe, there is a "dark side" which must be avoided by transformational leaders. Adolf Hitler may be the most extreme example of a negative transformational leader. He offered a vision, appealed to the values of his people, and was quite charismatic. The outcome he eventually achieved, however, led his people away from moral betterment.

Second transformational leaders need their followers to agree with them; a transformational leader will not pursue a task if they do not believe in the moral rightness of completing it. That is because the leader must continuously sell the vision they have to encourage their team to work towards it. If any of the followers disagree with the leader's assessment that the work being done, or the outcome achieved by the vision is immoral, then they will not participate. In some situations, followers may even rebel against the leader if they feel that they are being led in an immoral direction.

Third Risks taken through transformational leadership can be disruptive; transformational leaders use their charismatic approach to serve as a role model for their followers and their organization. They use this energy to show people how to achieve goals or accomplish tasks. There are certain risks that are generally accepted by those using this leadership style to find innovation or create change. If the leader accepts risks that are, or perceived to be, excessive or unnecessary, then the actions of the leader become detrimental to the team and their organization.

Fourth it can lead to employee burnout; transformational leaders can inspire their teams to achieve high levels of success. They do an excellent job of encouraging their followers to work together to achieve strategic goals. Optimism from a transformational leader creates optimism within the team. If high levels of sustained productivity are required to achieve the vision in question, however, or there are unreasonable deadlines in place, then it can lead to burnout occurring within the followers.

Fifth transformational leaders often focus on individual needs; transformational leader seeks diversity because more opinions and experiences lead to more innovation. To encourage diversity, transformational leaders encourage followers to pursue vocational enhancement opportunities. This may include seminars, workshops, focus groups, or even formal classes. The needs of individuals are often the focus of the leader instead of the needs of the team, which means one team member tends to receive more attention than others in this area. That leads to a

lack of trust from affected team members, which ultimately affects the levels of productivity that are achievable.

But according Rachlle Smith, (2015) mentioned that the above listed disadvantages were included in transformational leadership. Furthermore beside the above disadvantage he mentioned additional disadvantages of transformational leadership. These are transformational leadership there needs continual communication, it requires constant & consistent feedback, it is not always details oriented and it is leadership style which may ignore certain protocols.

2.2.2.2 Transactional Leadership

In 1947, the style was first proposed by Max Weber followed by Bernard Bass in the year 1981. A leadership styles whereby the objectives and goals are predefined and the leader use reward and punishment to motivate his followers is known as Transactional Leadership. It focuses on improving the current situation of the organization by framing the steps and controlling the organizational activities. The basic purpose of this type of leadership is to revamp the existing corporate culture and to enhance current policies & procedures.

In this leadership style, the leader uses his authority and responsibility as his power as well as the style has a formal approach. Prize and penalties are the two primary tools employed by the leader to inspire his subordinates i.e. if an employee achieves the target within the stipulated time he is given initiative for his work, whereas if the task is not completed within the required time, then he will be penalized for the same.

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 organization. It underscores work norms, assignments and undertaking focused objectives. Sadeghi and Pihie (2012) provided additional examples of the three dimensions of transactional leadership. First, contingent rewards occur when a leader determines rewards based on followers' efforts to satisfy organizational goals. Secondly, management-by-exception (active) is demonstrated when a manager carefully observes followers and determines if mistakes occurred or the violation of

rules. Third, management-by-exception (passive) happens if a manager waits for mistakes and errors before taking corrective actions. 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).

2.2.2.2.1 Advantage of Transactional Leadership

According to Mughiza, (2017) as any type of leadership style there are pros and cons of this style. From many key advantages of this leadership style here are some advantages to consider. First it can effectively motivate employees to maximize productivity; based on reward and punishment, this leadership style is effective in motivating employees in becoming productive and efficient members of the team. These are because of two reasons.

First, the incentive that awaits the employee if he or she contributes to the organization serves as the motivation for him or her to work doubly hard to meet deadlines reaches or even exceed quota because the employee knows that his efforts will not be left unrecognized.

Second, this leadership technique also serves as a reminder to a member of the workforce that the management keeps an eye on them and is serious with its drive to expect maximum performance from its employees that mistakes committed and under-performance would mean demerit and punishment. Second it creates achievable goals for individuals at all level; with short-term planning as part of this leadership style, management ensures that its visions for the company or organization will be realized. This is for that reason that goals and objectives only require a shorter time table to materialize. Consequently, these are easier to fulfill and less demoralizing for employees. By making achievements more accessible in a short period of time, members of the team are more motivated to perform and at the same time be more self-confident. This is partly because of the autonomy given to subordinates makes them able to carry out their tasks without having to be conscious that eyes are directly on them.

Third it has a clear structure; transactional leadership is also composed of a structure that is clear and concise. Employees of an organization with this kind of management style are informed before-hand of what the company expects from them. They are also provided with clear instructions and expected to follow a chain of command which makes it easier for them to know

what proper channels to go to. This also makes them aware from day one that they will be rewarded for following objectives and completing their tasks with flying colors while they will also be punished if they go against the policies of the organization. (Mughiza , 2017)

Fourth it reduces cost while improving productivity levels; transactional leadership is effective when it comes to increase in production and cutting down costs. These are due to the fact that this leadership style has short-term goals that make it easy for employees to get things done. Also, the rewards promised with this kind of leadership serve as motivators for members of the team to do their tasks at the shortest time possible for incentives, whether monetary or psychological.

2.2.2.2.2 Dis advantage of Transactional leadership

Transactional leadership has its own disadvantages according to Mughiza (2017) first it is unyielding leadership it means that transactional leadership is a style of leadership that not only has a clear structure. It also has unbendable policies and rules. Despite the rewards members of organizations can expect and the kind of autonomy or independence they have in doing their tasks, they have to work within the rules of the management. Going against these policies or instructions from superiors can lead to negative implications like suspension and even termination. This is because a transactional leader tells his or her subordinates what to do and is in no way accepting complaints or insubordination of any kind. Because of this inflexibility, the leader will find it difficult to adjust to certain situations and somehow limits creativity.

Second it doesn't encourage creativity; since this leadership style is rigid and not into bending principles and rules as well as listening to suggestions from people under the management, this hampers creativity from members of the team who might have sound and effective recommendations for the betterment of the organization. The short-term goals and structured policies make it hard for transactional leaders to make changes and be open to ideas from others that do not go with their existing goals. And since the company or organization relies on a transactional leader, if this person leaves, it can affect the business because most of the employees are have not been given the opportunity to become leaders but merely followers.

Accountability of employees is another disadvantage of transactional leadership is its practice of providing the tasks to employees, along with their policies and principles to be strictly followed. If and when something goes wrong in the process, employees are the ones to be blamed and who are responsible for the outcome. Critics find this to be a reason for the dissatisfaction and unhappiness of employees. This is because these people know that the organization does not really put their welfare first. Also, this type of management makes them feel like they are not really members of the organization but merely people paid to do their jobs.

Fourth insensitivity; since transactional leaders operate within rules that cannot be changed, managers with this style of leadership do not really put the emotions of employees in consideration so long as tasks are done. Employees are given clear and detailed instructions but they are also expected to perform these tasks efficiently and on time. What transactional managers have with their subordinates are more of transitory working relationships than emotional ones. As a result, employees also become insensitive to demonstrating concern for the company but merely performers who are motivated by rewards. Transactional leadership still remains to be popular among the leadership styles because of its reward and punishment principle that motivate employees to be productive. However, it also has its share of criticisms because of the way it controls its employees' performance and hampers the leadership and creativity skills of the workforce.

2.2.2.3 Laissez-Faire Leadership Style

There are many different forms of leadership which are utilized to inspire people toward greater things. Laissez-Faire is just one style and it is more of a laid back approach. Taken from Bass's (2009) leadership field, laissez-faire leadership is not close to the transformational and transactional leadership spectrum and represents the absence of leadership. According to Northouse (2013), a supervisor who does not engage in meetings, pursues little to no contact with employees, and has no visions to share with subordinates is an example of a laissez-faire leader. In Sadeghi and Pihie's (2012) study, department heads focused on leadership effectiveness and laissez-faire leaders.

Sadeghi and Pihie (2012) had similar conclusions but also noted that the effects differed from the arguments suggested by Northouse (2013). The dissimilar results revealed that department heads utilized transformational, transactional, and laissez-faire leadership styles simultaneously creating two inferences from the conclusion. First, a leader has to determine the appropriate leadership style to implement for employees to achieve organizational goals. Secondly, despite the criticisms of laissez-faire leadership, there is a place for the laissez-faire leader in today's workplace to positively influence job satisfaction. Furtner et al. (2012) disagreed with the perspective, advocating that while most scholars agreed that transformational and transactional leadership worked together at times, to produce positive job satisfaction results, laissez-faire is a lack of active leadership. Researchers have found that this is generally the leadership style that leads to the lowest productivity among group members.

However, it is important to realize that this leadership style can have its own merits and demerits as Crystal, 2015 stated. To mention some advantages, as indicated by Crystal, it encourages the personal development of direct reports with a hands-on approach; of course it isn't the leadership that is being hands-on in laissez-faire, but the direct reports actually doing the work. It's a "trial by fire" type of system that quickly weeds out those who are not suitable for the tasks that need to be completed. This leaves a team with only the strongest and most adaptable workers, creating a bond that can become a lifetime friendship Crystal, 2015

Secondly Innovation is something that is highly valued; as the goal of laissez-faire isn't to make life easy for the leadership. It is to encourage innovation and solicit feedback from multiple resources so that the entire team can benefit. Instead of having one person direct traffic and implementing their one singular vision, multiple perspectives can be obtained so that the differences make everyone stronger. Workers are celebrated for coming up with new ways to get work completed and this will naturally boost morale.

Thirdly it allows an experienced team to use their experience; although laissez-faire will not be a beneficial leadership style if a team is not experienced or knowledgeable, it is very effective when there is an established team of veterans. By counting on these experiences and letting that wisdom come through, tasks become easier to accomplish because the leadership is getting out

of the way to let their team do what they do best. (Judge & Piccolo, 2004, Howell and Avolio (1993).

Fourthly It creates an inviting work environment; although there will always be folks who want direct guidance from their management team, most workers crave independence and freedom. Laissez-Faire provides exactly that. As long as the worker can keep performing at a high level within the accepted policies and procedures, this atmosphere can continue on indefinitely. Good people want to work with this type of leader because it allows them to express their individuality.

This leadership has also its own demerits likewise the other leadership styles. One of the disadvantage of this leadership style requires a certain amount of supervision to be successful; although workers are essentially handed the "keys to the kingdom" in this leadership style, they must still be supervised. An unsupervised worker can decide to go rogue and do things that fall outside of what their assignment happens to be or violate policy. This means it isn't a completely hands-off experience like some managers may believe. (Bass,Avolio, Jung and Berson, 2003)

Secondly someone has to take the blame; if something does go wrong, this leadership style creates a vacuum of responsibility. The management will typically place the responsibility on the worker who didn't get the assigned task completed as requested. The workers tend to blame the management for being too hands-off. If this happens frequently, then it can dramatically affect the morale of the unit and cause a reduced level of productivity.

Thirdly it is difficult to adapt to changing circumstances; because workers are completing tasks independently, it can be difficult for a leader practicing laissez-faire to implement changes that must take place immediately. This information has to filter down to each worker, who then must decide on their own if there is value in implementing those changes. Remember – true laissez-faire means that a worker can't be forced to implement change. The decision on how work is completed is up to them, not the leadership. And the last one is that it creates a higher risk of future litigation; what happens if a job isn't completely properly, causing a manager to fire that worker? The chances of litigation happening are increased in laissez-faire because workers have an active defense if they are fired for incompetence. Managers don't train or provide guidelines

in this management style. They simply delegate the work and expect it to get completed. (Bass,Avolio, et al., 2003)

2.3 The Concept and Meaning of Job Satisfaction

2.3.1 The Meaning Job Satisfaction

Job satisfaction is one of the areas that has been widely researched and yet one of the complex ones. Different writers have tried to define the term job satisfaction in different ways. One of the writers is Locke.

Locke defines the term job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job experience" (Chowdhary, & Chahal, 2013; Ghafoor, 2012). It is also defined as the degree to which subordinates are interested in their work. It is also seen as the discrepancy between workers' expectation and what they actually get (Sattar, Nawaz & Khan, 2012). Job satisfaction is also described as "the feelings of employees towards their job. It is a perception of employees about how the job provides those things that are important for them like benefits, promotional opportunities, supervision, coworkers, working conditions and the work itself" (Gull & Zaidi, 2012).

Motivation and Job Satisfaction; Motivation is as an internal state that compels an individual to act (Furnham et al., 2009; Kaur, 2013). Leaders are in a position to apply skills to fulfill Maslow's (1970) structure of needs and Herzberg's et al. (1959) theory of motivation. Utilizing the stated theories, managers must help employees to achieve job satisfaction through recognition, accomplishment, and responsibility. For example, first level supervisors contribute to job satisfaction when fully implementing and supporting programs designed to recognize employees' accomplishments.

The recognition programs support Maslow's (1970) theory, which contributes to increasing the level of esteem. For instance, when managers contemplate the responsibilities of workers, managers must look for ways to improve working conditions that relate to hygiene factors. Additionally, managers who diversify employees' work and recognize successful efforts practice motivational leadership, which affects employees' job attitudes and job performance (Fisher, 2009; Kian, Yusoff, & Rajah, 2013). Furnham (2009) explored whether personality contributed

to motivation and job satisfaction. The sample consisted of full time employees in the retail, manufacturing, and healthcare industries.

The findings indicated that employees in lower job statuses were more concerned with the job's hygiene factors. Conversely, achieving more power and status motivates employees who are in higher job statuses. The results aligned with Maslow's (1970) hierarchy of needs that suggests that once employees achieve physiological needs and security, the focus shifts to the higher order needs.

In a 2010 study, Farah and Halawi's confirmed similar conclusions to Furnham et al. (2009). Farah and Halawi's (2010) approach included a single healthcare industry for the inquiry. Both scholars were interested in factors that pertained to job satisfaction. The conceptual framework for Farah and Halawi's (2010) study was Herzberg's et al. (1959) two-factor theory and Maslow's (1970) hierarchy of needs. The researchers focused on an alignment of job satisfaction for health care professionals, physicians, with Maslow's (1970) hierarchy of needs. Since the physicians achieved the lower orders of needs, there was a greater desire for more power, recognition, and self-actualization.

The inference from the studies on job satisfaction supports Maslow's (1970) hierarchy of needs, intrinsic and extrinsic factors of the job, and the concept that job satisfaction affects subordinate and management employees differently. The participants in the majority of the studies on leadership and job satisfaction functioned at various levels of managers within different industries. The initiative for the current phenomenological study was to understand the leadership style that best meets job satisfaction hourly wageworkers.

Employee Job Performance and Job Satisfaction; The intense focus on job performance and job satisfaction remains essential for organizational sustainability Ng, Sorensen, and Kim (2009) posited two reasons for the emphasis. Firstly, job satisfaction implies an employee's attitude towards work. Secondly, the employee's job performance has a direct effect on organizational effectiveness. Gioia and Catalano (2011) agreed with Ng et al. (2009) and further shared that employees who feel unappreciated performed sub optimally and had lower job satisfaction, which resulted in a resignation. Voon (2011) shared similar beliefs with Gioia and Catalano (2011) and added that high job satisfaction enriches performance. Similarly, Riaz and Haider

(2010) argued that transformational leaders encouraged individuals to exceed expected performance.

The inference from the concept is that employee job performance and job satisfaction have a direct relationship. In comparison, transactional leaders utilized the contingent reward dimension to drive greater performance (Sadeghi & Pihie, 2012). In a 2011 study, Long and Thean and Bennett (2009) had similar conclusions and found that the reward component of the transactional leadership style is in both studies. Transactional leadership predicted extra effort and effectiveness, but not satisfaction (Bennett, 2009; Long & Thean, 2011). Bennett (2009) contributed an additional conclusion that laissez-faire leadership had the opposite effect of transformational leadership. The results indicate that the more a leader practiced laissez-faire leadership style; fewer employees were willing to give the extra effort to accomplish the job, viewing the leader as incompetent. Workers who provided minimal performance and held negative viewpoints of a leader quit based on a dislike for the job (dissatisfaction). Employee turnover caused by low job satisfaction resulted in high cost and negatively affected the bottom line.

Employee Turnover and Job Satisfaction; Low job satisfaction is an antecedent of employee turnover and leaders should focus on ways to retain employees (Yang, 2011). Managers must focus on the relationship between job satisfaction and turnover because the satisfaction of employees increases the tendency to stay with the company and contribute to overall performance (Ahmad, 2009; Delobelle et al., 2011). According to Ahmad (2009), the effect of job satisfaction on turnover depends on an employee's perspective of the level of progress through the hierarchy of needs. When employees find a comparison between the job and self-identity, the relationship becomes associated with self-actualization. Furnham (2009) supported Ahmad's (2009) findings and posited that when individuals have a greater focus on self-actualization, job satisfaction increases, leading to enhanced employee retention. Several researchers agreed that organizations must focus on retaining valuable employees (Amah, 2009; Laureani & Antony, 2010; Samuel & Chipunza, 2009; Yang et al., 2011). In addition, Samuel and Chipunza (2009) explained that there must be a focus on retention for management to retain employees, especially those who are critical to a company's operation. The scholars agreed that when underperformers leave and good performers stay, organizational performance increase.

Amah (2009) argued that organizations benefit when low-performing employees resign. However, other researchers disagreed with that view and suggested that high turnover is a detriment to an organization's productivity (Laureani & Antony, 2010; Yang et al., 2011). High turnover rates affect staff morale and lead to the loss of productive workers, thus reducing the overall efficiency (Yang, 2011). Yang et al. (2011) agreed with Laureani and Antony's conclusion on high cost of turnover. Yang et al. approached the investigation differently. The mixed-method study included a sample from the hotel industry. Yang et al. designed the study to understand reasons behind the employees' resignations, aiming to identify ways that managers attempted to control high employee turnover. The qualitative approach involved one-hour interviews with leaders that described the motivation for leaving their jobs. In addition, leaders shared the measures adopted by the hotel to reduce turnover and the reasons behind the turnover remaining strong despite these retention efforts. (Yang, 2011) studied 29 participants who worked for international tourist hotels. Participants consisted of 15 managers, 12 supervisors, and two employees who left the hotel before completion of the investigation.

The results concluded that the leader's management style was one of the contributing factors towards employee turnover. Specifically, unfair management, lack of independence, an overly militarized control, and negative feedback, along with unconstructive criticism, were the primary sources of frustration for employees. In addition, (Yang, 2011) found that the leadership practices caused workers to be inefficient, resulting in decreased motivation, thus increasing staff turnover. Yang et al.'s inquiry also revealed that the atmosphere created by the managers was an unhealthy work environment, directly affecting staff turnover. According to Maslow's theory (1970), the need for a manager's approval relates to feelings of self-confidence, worth, strength, capability, and adequacy of being useful and necessary in the world. The results indicated that the treatment of hotel employees decreased worker's motivation to achieve maximum performance, which contributed to staff turnover, and affected self-esteem, which is the fourth level of Maslow's (1970) hierarchy of needs (Duncan & Blugis, 2011). Maslow proposed two levels of esteem, derived from self and others.

For example, hotel employees in Yang's et al. (2011) study may have assumed that, if they performed well, a reward would inevitably follow high performance, promoting high self-esteem. Maslow suggested that people have a desire for rating by others and look to other people

for acceptance. The hotel employees apparently looked to the immediate managers for approval and recognition of performance. Samuel and Chipunza (2009) shared similar concepts with Yang et al. (2011) and explained that for organizations to retain the best employees, especially as competition continues, showing self-esteem needs becomes necessary. Additionally, the investigation results provided strong evidence supporting a link between job security and employee retention. Retention policies sometimes required human resources to educate company leaders on effective leadership styles, producing safety for workers. To some individuals, receiving a weekly paycheck interprets as comfort and safety, affecting employee retention.

To further explore opportunities for employee retention, Wenson (2010) conducted an investigation on the effects of coaching supervisors on effective leadership. Wenson designed a study to understand the experiences of 20 direct reports after the managers received coaching. The themes that emerged were safety, motivation, and self-reflection. Dissimilar to previous findings that safety referred only to a weekly paycheck, in Wenson's investigation, safety is an employee's ability to discuss problems openly. Wenson's investigation is important to the current phenomenological study because Maslow's (1970) motivation theory, Bass's (2009) theory of leadership, and Herzberg and colleagues' (1959) hierarchy of needs are all contributors to the study.

2.3.2 Influence of Leadership Styles on Job Satisfaction

The literature review revealed an exhaustive amount of research on leadership styles and job satisfaction (Andrews, Richard, Robinson, & Celano, 2011; Bhatti et al., 2012; Bodla & Nawaz, 2010; Braun et al., 2013; Mohamad, 2012; Voon et al., 2011). A common theme that emerged from the numerous studies revealed that leadership styles have a negative or positive influence on job satisfaction. Many mediating factors determined a positive or negative influence.

For example, Liu et al. (2011) concluded that high or emotional labor influences team innovativeness and leads to job satisfaction. Pieterse et al. (2010) decided that psychological empowerment moderates the influence of transformational and transactional leadership styles. Kompaso and Sridevi (2010) argued that employee engagement have a relationship with job satisfaction.

The various conclusive findings posed an opportunity for supervisors and other managers to remain agile in efforts to guide workers to achieve high performance. Today's managers experience challenges when fulfilling job responsibilities in the midst of cultural diversity, virtual teams, shareholder wealth, local community involvement, and resource policies. Front line supervisors are in a position to influence the performance of employees, job satisfaction, and ultimately the financial performance of the organization. Although there is an established positive relationship between leadership styles and job satisfaction (Chi & Gursoy, 2009), not all leadership styles affect job satisfaction positively. In fact, Maertz, Boyar, and Pearson (2012) postulated that most leadership models indicate that a lack of job satisfaction or organizational commitment is the main initiator of voluntary turnover.

In a 2011 study, Voon et al. (2011) proposed that when leaders choose the appropriate leadership style, positive job satisfaction occurs, reducing turnover. Organizational success depends on effective leadership and employee job satisfaction. Northouse (2013) agreed with the argument and noted that transformational leadership provides job satisfaction by fostering followers' commitment to the organizational goals and inspiring followers to exceed performance expectations. Voon et al.(2011) argued that even though transformational leaders are the ideal change agent, transactional leaders must satisfy job satisfaction through rewards, praises, and promises to meet employees' immediate needs. The transformational leadership style increases self-esteem, so that as individuals move up in the company's hierarchy and fulfill self-esteem needs, other needs no longer become salient and taken for granted (Furnham et al., 2009). Instead, the prospects of more power and status act as the primary motivators. The concept aligns with Maslow's (1970) seminal theory of motivation which ascertained that once individuals achieve lower-level needs (e.g., physiological needs and security), there is a shift that focuses toward higher-level needs, culminating in self-actualization (Furnham *et al.,* 2009).

The focus on meeting the immediate needs of employees contributes to organizational success. Several scholars advocated that employees are the most valuable assets in an organization, which compels human resources to hire capable leaders to guide and motivate employees to achieve organizational goals (Hannah et al., 2012; Voon et *al*., 2011). Employees provide importance to organizations; however, the majority of leadership and job satisfaction researcher focused on

data collection from managers and professionals. The current study addresses this gap. The results of previous studies (Hannah et *al*., 2012; Voon et *al.,* 2011) suggest that employees that are hourly wage earners provide importance because the workers actually perform functional work in today's diverse and fast changing work environments.

In addition, organizational leaders need to focus on developing effective leaders because of unprecedented challenges faced in accelerating internal and external work environments. Previous discussions indicate that focusing on training leaders to positively influence employee job satisfaction provide importance because too often individuals view leadership simultaneously as management. Finally, today's employees do not typically respond positively to the leadership based on command and control (Northouse, 2013).

2.4 The Relationship between Leadership styles and Job satisfaction

Various studies have been conducted to investigate the relationship between leadership styles and job satisfaction. The results of most studies and the literature show that there exist a relationship between leadership styles and job satisfaction.

2.4.1   Transformational Leadership Style and Job Satisfaction

Job satisfaction is employee's attitude towards job (Robbins, 2010) and understanding employee's mindset becomes beneficial to managers since transformational leadership positively associated with job satisfaction (Hamstra, Van Yperen, Wisse, &Sassenberg, 2011; Mancheno-Smoak et al., 2009). Wells and Peachey (2011) found a positive relationship between job satisfaction and employee performance. Some researchers focused on leadership styles that guide followers to perform beyond expectations (Busic, *et al.,* 2010; Zhu, Sosik, Riggio, & Yang, 2012). Hamstra et al. (2011) quantitative study focused on a connection with job satisfaction and the relationship existing between job fit and transformational leadership style. Participants in the inquiry consisted of psychology students with full-time and part-time jobs with an average age of 20 years. The findings indicated that if followers' foci were on promotions or prevention, transformational leadership in turn influenced a reduction in turnover intention.

Transformational leadership had a positive relationship with employees' job satisfaction (Bodla & Nawaz, 2010; Mancheno-Smoak et al., 2009). The 265 study participants from Bodla and Nawaz's (2010) investigation were faculty members and professors from public and private universities. The research included the five dimensions of transformational leadership, namely idealized influence (attributed), idealized influence (behavioral), inspirational motivation, intellectual stimulation, and individualized consideration. Bodla and Nawaz's (2010) study used the Multifactor Leadership Questionnaire (MLQ) to measure various aspects of transformational leadership. The results showed a significant relationship between transformational leadership and employee job satisfaction. The scholars acknowledged that the work excluded organizational climate as a factor.

Transformational leadership has a positive effect on employee motivation and job satisfaction (Bass & Avolio, 1990; Bodla & Nawaz, 2010; Burns, 1978). When supervisors invited followers to contribute to the decision-making process, the strategy caused an increase in job satisfaction and developed workers' skills (Bhatti, 2012). The increase in job satisfaction was attributed to transformational leaders that motivated followers to reach higher levels of potential. In addition, followers were motivated to look beyond self-interests for the good of the group and view the work responsibilities from new perspectives (Birasnav, 2011).

2.4.2 Transactional Leadership Style and Job Satisfaction

Herzberg (1959) theorized that hygiene factors called dissatisfies, do not contribute to job satisfaction and that a lack of hygiene factors contributed to job dissatisfaction. Hygiene factors that are extrinsic to the job are supervision, working conditions, company policies, salary, and relationship with co-workers (Furnham et al., 2009). Intrinsic factors, called motivators related directly to the job identified as achievement, development, responsibility, and recognition (Fisher, 2009). According to Handsome (2009), there are three common leadership styles associated with job satisfaction. In a study that included 51 respondents Handsome found that transactional leadership style has a negative relationship with job satisfaction. Transactional leadership style has a link to Herzberg et al.'s (1959) hygiene factors of supervision, company policies, and working conditions. The factors did not motivate employees or contribute to employee job satisfaction; however, the absence of transactional hygiene factors contributed to

job dissatisfaction. Transactional leaders focused more on job success rather than job satisfaction (Riaz & Haider, 2010).

For example, the transactional leader concentrated on supplying employees with resources to increase productivity and to accomplish shared goals. Additionally, transactional leaders were more concerned with meeting the lower level of Maslow's (1970) hierarchy of needs, specifically physiological and safety needs. The reward dimension of transactional leadership style has the potential to contribute to job satisfaction. Fisher (2009) acknowledged that when rewards were only based on meeting certain requirements and conditions, the results were a negative influence on job satisfaction. Northouse (2013) argued that the conditional reward aspect of transactional leadership occurred daily in an individual's life. For example, transactional practices occur when a student receives a good grade for completing assignments correctly or when managers offer promotions if employees exceeded performance expectations. Based on the dimension of transactional leadership, some researchers concluded that transactional leaders do not positively influence employee job satisfaction; however, other scholars disagreed with the concept (Epitropaki & Martin, 2013; Long & Thean, 2011; Pieterse et al., 2010). For example, Chaudhry and Husnain (2012) conducted an investigation using a mixed method approach with 278 banking employees. The demographics of the population included 63 entry employees, 193 middle-level managers, and 22 top-level managers. The findings of the study revealed that employees were more motivated with a transactional leader in contrast to a transformational leader. In fact, the banking industry experienced a low turnover rate under the transactional leadership style. The weakness or limitation of the study was the limited number of banks sampled and a short data collection period of six months. Chaudhry and Husnain (2012) had similar findings to Kim, Lee, and Carlson (2010) who found that transactional leaders positively affected job satisfaction. The conditional factors were dependent on the employees' capabilities, awareness, and desires. Kim et al.'s (2010) empirical study involved an organization in the private sector and a population of 559 employees. Nearly 50% of the employees possessed a high school diploma. The purpose of the investigation was to examine how the mediating variables of work motivation and job satisfaction contributed to leadership. Based on data collection results, transactional leadership style, contingent on team climate and

organizational systems, influences work motivation and job satisfaction. Team climate and organizational systems relate to Herzberg's et al. (1959) hygiene factors, external to the job.

The inference from the previous studies must caution leaders to avoid an approach that the same style works all instances when leading employees (Kim et al., 2010). In addition, managers must consider the diverse atmosphere and individual characteristics when choosing an appropriate leadership style. Chaudhry and Husnain (2012) agreed with the concept based on the findings of a positive relationship between transactional leadership and job satisfaction. Despite the conditional aspects that contributed to the unpopular yet positive relationship with job satisfaction, researchers and leaders criticize the transactional leadership style.

2.4.3 Laissez-Faire Leadership Style and Job Satisfaction

Several studies revealed findings that laissez-faire leadership style had no significant relationship with job satisfaction (Bass, 2009; Chaudhry & Husnain, 2012; Ghorbanian, et al., 2012; Sadeghi & Pihie, 2012). Job satisfaction incorporates an employee's feelings or state of mind regarding the nature of the work (Mudor & Tookson, 2011). Furtner, (2012) conducted a study to determine if laissez-faire leaders held a positive relationship with self-leadership, resulting in job satisfaction. The study was important since according to Furtner, (2012) self-leadership is the process of influencing one's thoughts and behaviors through cognitive, affective, and motivational-volitional process. The study included more than 400 professionals from eight industries. Based on data collection analysis, there was a negative relationship between laissez-faire leaders and self-leadership. The inference from the results suggested that one must be in control of one's self before leading others. As previously noted, employees involved with high emotional labor do not prefer transactional leadership (Liu et al., 2011). Laissez-faire leaders may be appropriate for the type of work environment where workers receive minimal feedback to achieve job satisfaction. In fact, Sadeghi and Pihie confirmed from a quantitative study (2012) that a positive relationship with laissez-faire leadership and job satisfaction involving academic deans because the workers desired to operate with autonomy.

2.5   *Empirical Studies*

Different studies have been made regarding the effect of leadership on job satisfaction. In this section studies have been reviewed from two dimensions. First studies reviewed from various perspectives and then based up on leadership theory to illustrate the effects of leader behavior on job satisfaction.

Ojokuku, et al. (2012) conducted a research on the Impact of leadership Style on Organizational Performance: A Case Study of Nigeria Bank in Nigeria. The sample size used by the researchers is 60. The study contained twenty of random picked banks in Ibadan, Nigeria. A structured questionnaire was used to collect data from the heads of accountants, heads of operations, and branch managers on face-to-face basis. Inferential statistical tool was used and one hypothesis was formulated to analyse data. Regression analysis was used to study the dimensions of significant effect of leadership style on followers and performance. The findings showed that there was positive and negative correlation between performance and leadership style. There was 23 percent variance of performance found in leadership style jointly predict organizational performance. This study concluded that transformational and democratic leadership styles have positive effect on both performance and followers, and are highly recommended to banks especially in this global competitive environment.

A relationship between leadership style and employee performance has been reported in the organizational and management literatures. Several studies found a positive relationship between the two variables. For instance, Lo et al. (2010) concluded that the leadership styles 22 of supervisors are important dimensions of the social context because they shape subordinates' organizational commitment in various important ways. Likewise, Ponnu & nakoon (2009) indicate that ethical leadership behavior has a positive impact on employee organizational commitment and employee trust in leaders.

On the other hand, the study results on the relationship among leadership style, and employee performance by Awan & Mahmood (2009) show that the leadership style (in their caselaissez-faire) has no effect on the performance of employees in the banks . Instead, most of the banks professionals seemed to be highly committed with their organizations i.e., they favored result-oriented culture. Similarly, Lok & Crawford (1999) reported that the leadership style variable, a

bureaucratic environment, often resulted in a lower level of employee commitment and performance, whereas Hunt and Liesbscher (1973) [as cited in Bučiūnienė & Škudienė, 2008] discovered a negative association between these two variables.

In another study involving 156 participants, Lo et al. (2009) examined leadership styles and employees' performance in Malaysia banking industry to ensure the successful management of employees and to improve productivity and achievements of an organization. They discovered that several dimensions of transactional and transformational leadership have positive relationship with organizational employee performance but the impacts are stronger for transactional leadership style. Similarly, Marmaya et al. (2011) investigated the employees' perceptions of leadership style among Malaysian managers and its impact on organizational performance and then found that leadership tends to be more transformational than transactional.

To sum up, as we have seen in this chapter there is plenty in the literature that describes leadership styles and employee performance from a multitude of angles and views. Articles also repeat the same topics and findings and the author chose to include just to show that the findings are similar but from a wide range of domains. In some researches in the literature it was determined that there was a relationship between leadership styles and employee commitment (Lo et al., 2009; Lo et al., 2010;., 2004; Bučiūnienė & Škudienė, 2008;, 1999; Awan & Mahmood, 2009; Ponnu & Tennakoon, 2009). These studies were generally conducted in organizations, yet there have been few researches conducted in banks in Ethiopia. Thus, the aim of this research is to determine the perceived relationship between leadership styles and employee satisfaction of CBE.

2.6   Conceptual Framework

This conceptual framework is developed based on literature and findings from different researchers. This model shows that three leadership styles are related to job satisfaction. The three styles are transformational, transactional and laissez-faire. 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.

Independent variable   **Dependent variable**

```
┌──────────────────────┐
│  Transformational    │──────▶
│  Leadership Style     │──────▶        ╱──────────────────╲
└──────────────────────┘               │                   ╲
┌──────────────────────┐               │                    │
│  Transactional        │──────▶        │   Job Satisfaction │
│  Leadership Style     │──────▶        │                    │
└──────────────────────┘               │                    │
┌──────────────────────┐               ╲                   ╱
│  Laissez-faire        │──────▶        ╲──────────────────╱
│  Leadership Style     │──────▶
└──────────────────────┘
```
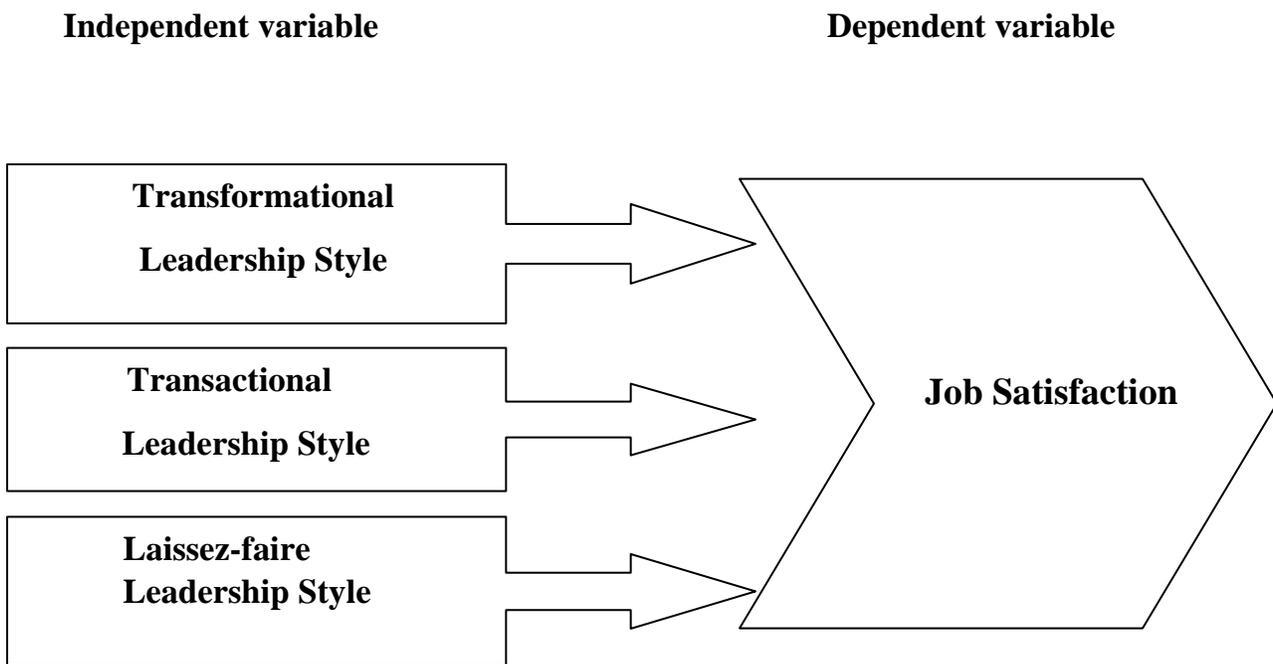
Figure 2.1. Conceptual Framework

The research sought to identify different types of attributes of transactional leadership offered by the commercial banks of Ethiopia to its employees and how they affect the employee performance, to assess whether by offering reward employees are motivated to perform better or the absence of rewards indeed affects the employee performance. The research also sought seeks to understand how the attributes of transformational leadership affect employee performance at Bank and if indeed the supervisors of bank exhibit the following attributes in furtherance for employee performance.

The research also seek to understand the extend of laissez faire leadership in commercial bank and how it affects the performance of employees, whether it slows performance or what extend it can improve performance of the employees of Banks. The background information collected helped understand more on the research included the following factors; age, gender, length of service and education levels

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1   Research Design

According to Creswell there are three types of research designs: qualitative, quantitative, and mixed methods (Creswell, 2009). Often the distinction between qualitative and quantitative research is framed in terms of using words (qualitative) rather than numbers (quantitative), or using closed-ended questions (quantitative hypotheses) rather than open-ended questions (qualitative interview questions). A more complete way to view the gradations of differences between them is in the basic philosophical assumptions researchers bring to the study, the types of research strategies used overall in the research (e.g., quantitative experiments or qualitative case studies), and the specific methods employed in conducting these strategies (e.g., collecting data quantitatively on instruments versus collecting qualitative data through observing a setting). Mixed methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

The researcher used mixed research approach. This is because the nature of the problem itself is relationship that needs description in terms of numbers. Positivists believe that scientific method is the clearest way to build an effective knowledge. This world view is based on the assumption that reality exists "out there" and this knowledge is waiting to be discovered (Cohen, Manion and Morrison, 2000; Fraenkel and Wallen, 2009). Mixed research approach is the best approach to discover this knowledge.

Corelation and regression research design is implemented on this paper. This is because the interest of the researcher is to examine the existing relationship between leadership styles and job satisfaction. In other words, the researcher intended just to explore and predict the relationship between the two variables (leadership style and job satisfaction). In this case the independent variable is leadership style and the dependent variable is job satisfaction. In line with this, Cresswell (2012) contends that correlational research is used when the study seeks to identify the extent to which two or more variables co-vary, that means change in one variable leads to change in the other variable. The basic objective of correlational design is to explain and predict the

association between variables. Loico, Spaulding & Voegtle (2010) held similar position by stating that "the purpose of correlational research is to measure two or more variables and examine whether there are relationships among the variables". These variables were measured on a continuous five-point Likert-type scale ranging from 'strongly disagree' to 'strongly agree' in the questionnaire.

3.2   Sources of Data and Instrument of Data Collection

In the study primary & secondary sources of data were used. The primary technique for collecting the quantitative data is a self-developed questionnaire. The questionnaires are administered by writing questions on a page and distributing it to the respondents expecting them to return the paper with their answers on it.

The merits of using the questionnaires method is that the respondents will have time to think of their answers, thus allowing smaller rate of errors. Since the topic of the study could be considered as sensitive in its aim to elicit personal insights from the respondents, the participants may feel more at ease when answering questionnaires as they are not required to speak with someone else in order to give information. For this specific research primary data were collected from clerical employees of selected branches by using simple random sampling method, which include all clerical employees and exclude all managerial position employees of CBE.

The researcher tries to distribute some copies of the questionnaire to knowledgeable peoples who are having direct and indirect connection with the topic. This is done in order to check how the subject would react to the questionnaire, whether the items are clear enough and easily understood, to determine the workability of the proposed method of data analysis for the study. This people went through the research questionnaire carefully to ascertain the appropriateness and adequacy of the instrument and they suggested structuring the questionnaire in Likert model is the appropriate one, to make the questions clear to respondents and to include more items which related to the topic. As per the suggestions collected by the researcher some questions are modified and take appropriate corrections. After collected the questionnaire a pilot test is conducted, the pilot test is carried out to test potential misunderstandings or problems and

consequently to correct possible weaknesses and inadequacies based on the recommendations before the actual data collection commences. The researcher distributes six copies of pilot questionnaires to employees. All of the six pilot-questionnaires were returned and the majority of the questions on the pilot questionnaires were found comprehensive and constructive most respondents answer the questions and recommend the researcher to use specific three leadership styles, to use simple English and to modify some ambiguous questions. After the pilot testing all necessary modifications were taken. The questionnaires were distributed directly to the chosen sample employees. Secondary data serves researchers with the opportunity to better understand and explain the research problem. Thus, it is very important to start a review of the existing data with a clear mindset of what it is that one wants to accomplish with the study. This help the researcher save time and effort because he/she can easily discard data that has no relevance for its own study. This can result in information that can only be used partially for a specific study. The secondary data of this study is compiled from many sources like e-sources, library books, and journals/ articles. This data is used to get better insight on the research topic, to establish the viable platform for the theoretical framework constituting the bases of this research, and to design the sample frame and questionnaire for retrieving the primary data. Another advantage of using secondary data is its comparability character. I used it to validate and compare the data get through questionnaire to existing literature and articles.

After collected the questionnaire a pilot test is conducted, the pilot test is carried out to test potential misunderstandings or problems and consequently to correct possible weaknesses and inadequacies based on the recommendations before the actual data collection commences. The researcher distributes six copies of pilot questionnaires to employees. All of the six pilot-questionnaires were returned and the majority of the questions on the pilot questionnaires were found comprehensive and constructive most respondents answer the questions and recommend the researcher to use specific three leadership styles, to use simple English and to modify some ambiguous questions. After the pilot testing all necessary modifications were taken. The questionnaires were distributed directly to the chosen sample employees.

3.3 Population and Sampling Techniques

Simple random sampling techniques were used to generate the quantitative data. Under simple random sampling technique all possible subsets of a population (more accurately, of a sampling frame) are given an equal probability of being selected. Hence, sample statistics are unbiased estimates of population parameters, without any weighting (Bhattacherjee, 2012).

CBE as a whole has 33,365 employees and 1,251 branches as of Dec 2017. Among this total population 400 branches and 11,253 employees are constituted by Addis Ababa region. The sampling frame of the study was employees of Commercial Bank of Ethiopia in Addis Ababa region.

Sing Yamane's simplified formula to calculate sample sizes, a sample of 386 employees were drawn randomly (Yamane, 1967:886).

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

$$= \frac{11{,}253}{1+11{,}253(0.05)^2}$$

$$= 386$$

Where, n is the sample size, N is the population size, and e is the level of precision, with 95% confidence level and P = .5

3.4 Methods of Data Processing and Analysis

The statistical analysis of the quantitative results conducted with the help of Statistical Package for Social Sciences software (SPSS) version 20. To analyze the demographic characteristics of the respondents, frequency distribution was computed. Then, the data were put in tables and changed to percentage. Mean and standard deviation were also computed to explore the dominant leadership style and the satisfaction level of employees. Correlational and regression analysis is used to investigate the relationship between leadership styles and job satisfaction.

In the quantitative research, reliability and validity of the instrument are very important for decreasing errors that might arise from measurement problems in the research study. The reliability indicates how free it is from random errors. This research is reliable in that the researcher contacted and communicated respondents on how to fill the questionnaire and allowed them to call the researcher for any difficulty by giving phone number of the researcher. The researcher conducted pilot test to make the questionnaire more accurate and to get feedback before distributing it to all respondents.

The values of the Likert scale were coded with 1 being 'strongly disagree'; 2 'disagree'; 3 'neutral'; 4 'agree' and 5 being 'strongly agree'. Since each factor takes its average for the questions, the researcher used criterion-referenced definitions for rating scales to describe the collected data.

Table 3.1. *Criterion- Referenced Definitions*

Mean rating	Degree of agreement	Description
1.00 to 1.49	Strongly disagree	Very dissatisfactory
1.50 to 2.49	Disagree	Dissatisfactory
2.50 to 3.49	Neutral	Not satisfactory enough
3.50 to 4.49	Agree	Satisfactory
4.50 to 5.00	Strongly agree	Very satisfactory

3.5 Ethical Considerations

The research conducted this paper based on the ethical considerations of not to fabricate or falsify data, procedures, or data analysis; respect the rights of research subjects, particularly their rights to information privacy, and to being informed about the nature of the research and the types of activities in which they will be asked to engage; and not to take or use published and unpublished data of others without acknowledgement.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter deals with the analysis of data collected through questionnaire. The major purpose of the study is to investigate the relationship between leadership style used by CBE managers and job satisfaction of their employees. In this analysis, the study answers the research questions as well as the purpose of the study. The responses on the survey questionnaire were analyzed using SPSS version 20. Try to include response rate and other introductory statements.

4.1 Demographic Characteristics of the Respondents

The demographic characteristics of the respondents of the questionnaire are presented in the following five variables (i.e. Gender, Age, and Educational qualification, Years of service and Job position).

Table 4.1. Demographic Characteristics of the Respondents

Variables	Category	Respondents	
		No.	**%**
Gender	Male	217	58
	Female	158	42
	Total	**375**	**100**
Age	<26	88	23.5
	26-30	93	24.8
	31-35	88	23.5
	36-40	51	13.5
	>40	55	14.7
	Total	**375**	**100**
Educational Qualification	Degree	341	91
	Masters	34	9
	Total	**375**	**100**
	<6	123	32.8

Years of service	6-10	104	27.8
	11-15	66	17.6
	16-20	41	10.9
	>20	41	10.9
	Total	**375**	**100**
Job Position	Junior officer	52	13.9
	CSO	303	80.8
	CSO Accountant	7	1.9
	CSO cash	7	1.9
	Branch Controller	6	1.5
	Total	**375**	**100**

Source: Survey Questionnaire

The sample includes 375 staffs of CBE from Addis Ababa branches. Regarding to gender composition, there were more male respondents compared to females. In the study males accounted for 58% while the other 42% were accounted for by female respondents. The largest group of respondents was aged between 26 and 30 (24.8%), followed by those aged below 26 and aged between 31 and 35 (23.5%) each. Respondents aged above 40 made up about 14.7%, while the smallest group was those aged between 36 and 40 who only represent 13.5% of the responses. 91% of the respondents have BA degree educational qualification; the rest 9% were Master's Degree holders. Related to years of service, 32.8% of the respondents have been working in the company for less than six years. Only 41 respondents 10.9% have been working in the company for more twenty years. Respondents with 6-10, 11-15 and 16-20 years of experience within the company accounted for 27.7%, 17.6% and 10.9% respectively. Lastly most of the respondents were Customer service officers- CSO 80.8%, followed by junior officers 13.9%, CSO accountants 1.9%, CSO cashiers 1.9%, and senior branch controllers 1.5%.

4.2 *Results of the Study*

From the questionnaires replied by the employees (i.e. a sample of 375 respondents), the following findings were identified:

4.2.1 Normality

Various statistical techniques applied to analyses the data in research. Different parametric and non-parametric tests are available to test the data. One can apply parametric test if the following condition fulfilled.

- Sample should be selected randomly
- Population must be normally distributed in terms of the variable characteristics under study.it means distribution of population should be symmetrical.

According to Kim, H.Y (2013) , interpretation of normality is based on the absolute value of skewness and substantial non-normality is referred for absolute value of skewness larger than 2 and absolute value of kurtosis larger than 7. Thus, based on the result of the table below (table 4.2), the normality of the distribution is satisfied for this data.

Table 4.2. Normality of a Population Mean

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Transactional	375	.254	.126	-1.277	.251
transformational	375	.272	.126	-1.040	.251
laissez-faire	375	.256	.126	-.590	.251
Job satisfaction	375	.136	.126	.108	.251
Valid N (list wise)	375				

Source: Survey Questionnaire

Skewness and kurtosis used to evaluate whether the variables are normally distributed. Skewness is a measure of degree of asymmetry or departure from symmetry of a distribution, while kurtosis is a measure of the extent to which observations cluster around the central point (peakedness). The skewness and the kurtosis of the variables for the sample are within the range for normality (-1.0 to +1.0). Also testing the results by dividing the skewness and kurtosis with their respective Std. Error, the results would be 1.0793 and 0.4302 respectively. i.e Z value -1.96 to +1.96 the results are between the range it means data is normally distributed. So we can say the assumption of normality of a population mean is satisfied.

4.2.2 Correlation

Table 4.3. Pearson Correlation Matrix

		Transactional	Transformational	laissez_faire	Job satisfaction
Transactional	Pearson Correlation	1	.651[**]	.380[**]	.186[**]
	Sig. (2-tailed)		.000	.000	.000
	N	375	375	375	375
Transformational	Pearson Correlation	.651[**]	1	.451[**]	.255[**]
	Sig. (2-tailed)	.000		.000	.000
	N	375	375	375	375
laissez-faire	Pearson Correlation	.380[**]	.451[**]	1	.105[*]
	Sig. (2-tailed)	.000	.000		.042
	N	375	375	375	375
Job satisfaction	Pearson Correlation	.186[**]	.255[**]	.105[*]	1
	Sig. (2-tailed)	.000	.000	.042	
	N	375	375	375	375

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

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

Source: Survey Questionnaire

A correlation is a statistical device that measures the nature and strength of a supposed linear association between two or more variables. The strength of the linear relationship is determined by the distance of the correlation coefficient (r) from zero. By a linear relationship I mean that the relationship can be well characterized by a straight line.

r = +/- 0.0 to 1.0

A correlation coefficient between transactional leadership and job satisfaction is 0.186 this is a positive correlation at the magnitude of 0.186 it means that their correlation is statistically significant at 0.01 level. A correlation coefficient between transformation leadership and job

satisfaction is 0.255 this is variables also have a positive correlation at the magnitude of 0.255, so they are statistically significant at 0.01 level.

The third categories correlation coefficient between laissez faire and job satisfaction as indicated in the table above is 0.105 which clearly show that they have a positive relationship with the magnitude of 0.105, they are statistically significant at 0.05 levels. Both transactional and transformational variables are slightly more significant than lassies faire for job satisfaction.

4.2.3 Regression

Before running a multiple regression it's better to check the assumptions, there are several assumptions that we need to check if our data meet, this is done in order to be reliable and valid.

The first assumption of multiple regressions is that the relationship between the independent and dependent variable can be characterized by a straight line. As the graph below shown in this paper assumption of linearity is met.

Figure 4.1. P-P Plot of regression standardized residual
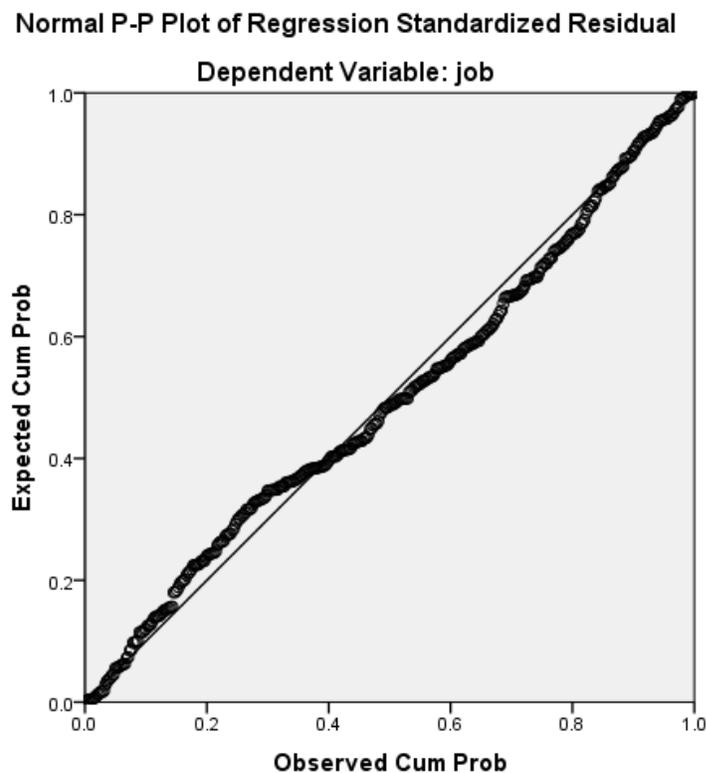
Source: Survey Questionnaire

The second assumption that we have to check is that there is no multicollinearity in our data.

Table 4.4. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constan)	2.555	.102		25.009	.000		
Transactional	.021	.037	.038	.564	.573	.566	1.766
transformational	.142	.041	.238	3.437	.001	.527	1.897
laissez-faire	-.009	.033	-.016	-.290	.772	.784	1.276

a. Dependent Variable: job satisfaction

Source: Survey Questionnaire

The first assumption regarding multi collinearity, we can test is that the predictors (or independent variables) are not too highly correlated. We can do this in two ways. First, we need to look at the Correlations table. Correlations of more than 0.8 may be problematic. This is not an issue in this paper, as the highest correlation is r=.65.

We can also test this assumption by looking at the Coefficients table. This allows us to more formally check that our predictors (or IVs) are not too highly correlated. We can use VIF and Tolerance statistics to assess this assumption. For the assumption to be met VIF scores to be well below 10, and tolerance scores to be above 0.2; so we can say multi collinearity issues has been met.

We can also check the variance of the residuals is constant. To test the fourth assumption, you need to look at the final graph of the output. This tests the assumption of ***homoscedasticity,*** which is the assumption that the variation in the residuals (or amount of error in the model) is similar at each point of the model. This graph plots the standardized values our model would predict, against the standardized residuals obtained.

Table 4.5. scatter plot

Scatterplot

Dependent Variable: job
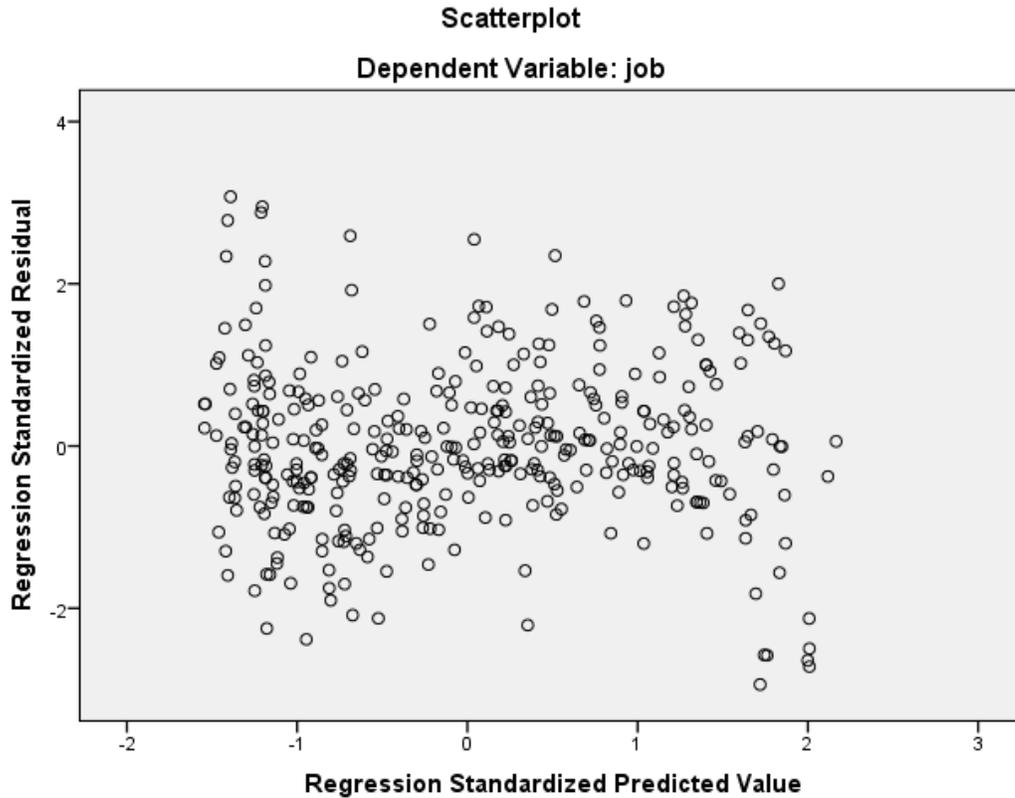
Source: Survey Questionnaire

As the predicted values increase (along the X-axis), the variation in the residuals should be roughly similar. In this specific case everything is ok, the scatter plot look like a random array of dots. So the assumption of ***homoscedasticity*** has been met.

Table 4.6. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538ᵃ	.290	.284	.89994
a. Predictors: (Constant), Laissez faire, transactional, transformational				
b. Dependent Variable: job satisfaction				

Source: Survey Questionnaire

R^2 = The amount of variance in the dependent variable that is accounted for or explained by the independent variable. The Adjusted R^2 of 0.284 means that transactional, transformational and laissez faire leadership styles accounts for 28.4% of the variance in job satisfaction.

Table 4.7.Regression

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	2.555	.102		25.009	.000
Transactional	.021	.037	.038	.564	.573
1 transformational	.142	.041	.238	3.437	.001
Laissez faire	-.009	.033	-.016	-.290	.772
a. Dependent Variable: Job satisfaction					

Source: Survey Questionnaire

The table shows the impact of the independent variables i.e. Transactional, Transformational and Laissez fair leadership styles on the dependent variable i.e Job satisfaction. The positive sign of B coefficient 0.021and 0.142 implies the direct relationship between transactional leadership style and job satisfaction, and transformational leadership style and job satisfaction, respectively. While, the negative sign of B coefficient -0.009 shows the indirect relationship between Laissez faire leadership style and job satisfaction.

4.3 Discussions

The finding shows that there is a direct relationship between transactional leadership style and job satisfaction and also between transformational leadership style and job satisfaction. But the relationship is inverse between laissez-faire leadership style and job satisfaction. When the

researcher stated transformational and transactional leadership has a direct relationship it means that most of the employees prefer it and when it stated laissez faire leadership has an inverse relationship it means that most employees didn't prefer it and some employees are still fine with it. Direct (positive) relationship doesn't necessarily mean all employees prefer it, it means employees who wants a leader who inspires, motivates and being a role model to them. And inverse (negative) relationship doesn't necessarily mean all employees doesn't prefer it, it just mean employees who prefer this leadership style are employees who are very experienced, know their work very well and doesn't want support from the leader and the reverse is true.

This research papers results further supported by Bodla & Nawaz, 2010; Mancheno-Smoak et al., 2009.On the study influence of leadership on employee productivity which covered 265 participants from faculty members and professors from public and private universities. The study used the Multi factor Leadership Questionnaire (MLQ) to measure various aspects of transformational leadership. The results showed a significant relationship between transformational leadership and employee job satisfaction.

Hamstra, Van Yperen, Wisse, & Sassenberg, 2011; Mancheno-Smoak et al., 2009, Wells and Peachey (2011) also found a positive relationship between job satisfaction and employee performance. Some researchers focused on leadership styles that guide followers to perform beyond expectations. The study covered psychology students with full-time and part-time jobs with an average age of 20 years. The findings indicated that if followers' foci were on promotions or prevention, transformational leadership in turn influenced a reduction in turnover intention.

The findings of this study also found that there is a positive relationship between leadership style and job satisfaction as mentioned on table 4.2 correlation matrix. A correlation coefficient between transformational leadership and job satisfaction is 0.186 this variable also have a positive correlation at the magnitude of 0.186, so they are statistically significant at 0.01 level. Also the regression result shows that the transformational leadership shows the result of 0.255 it means that the independent variable has a positive relationship with the dependent variable job satisfaction. Several researchers argued that transformational leadership has a positive impact on job satisfaction   (Bass, 2009; Li & Hung, 2009; Pereira & Gomes, 2012; Pieterse, van Knippenberg, Schippers, & Stam, 2010). And Contrary to the findings, other scholars' research

concluded that the effectiveness of transformational leadership existed only in certain conditions (Li, Chiaburu, Kirkman, & Xie, 2013; Northouse 2013; Pieterse et al., 2010; Wang & Howell, 2010).

As this paper finds the research outcome there are positive and negative outcomes. Particularly as some scholars found transformational leadership has some criticisms like; conceptual clarity is vague because of the wide range of characteristics, the measurement of transformational leadership using the MLQ compels researchers to question whether the four components correlated with transactional and laissez-faire factors , transformational leadership approaches leadership as a trait rather than a learned behavior, studies have not established a causal relationship that transformational leaders caused the transformation of employees and organizations, a perception existed that transformational leaders are elitist, the leader's success was independent of followers' actions.

And many scholars found results contrary to the above critiques which is transformational leadership has its own strengths like; there are extensive research conducted on transformational leadership utilizing qualitative methodologies and that 34% of articles in one leadership journal focused on the transformational leadership style, The principle of transformational leadership is consistent with the needs and modern belief that leaders should advocate on behalf of followers, transformational leadership researchers approach leadership as a process between followers and leaders that care for the needs of others, transformational leadership extends beyond performance and rewards focuses on followers' needs, and growth, transformational leaders are morally uplifting, interested in moving employees to higher moral responsibilities, and encourages followers to transcend beyond self-interests.

Transactional leadership occurs when leaders inspire followers to make a commitment to a shared vision and goals. As the researcher conducted a quantitative study to explore the effect of transactional leadership styles on career satisfaction found that transactional leadership has a strong relationship with job satisfaction as mentioned on table 4.2 Correlation Matrix. A correlation coefficient between transactional leadership and job satisfaction is 0.186 this variable also have a positive correlation at the magnitude of 0.186, so they are statistically significant at 0.01 level. Also the regression result shows that the transformational leadership shows the result of 0.255 it means that the independent variable has a positive relationship with the dependent

variable job satisfaction. This positive result is further supported by Riaz and Haider (2010) ., on their study on participants investigation included lower and middle level managers employed for at least five years.

The results of the study disclosed a significant relationship between transactional leadership and job satisfaction. Transactional leadership positively related to job success. Transactional leaders attempt to motivate followers on an existing set of personal beliefs. Chaudhry and Husnain (2012) also conducted an investigation using a mixed method approach with 278 banking employees. The demographics of the population included 63 entry employees, 193 middle-level managers, and 22 top-level managers. The findings of the study revealed that employees were more motivated with a transactional leader in contrast to a transformational leader. In fact, the banking industry experienced a low turnover rate under the transactional leadership style.

Transactional leaders focused more on job success rather than job satisfaction (Riaz & Haider, 2010). For example, the transactional leader concentrated on supplying employees with resources to increase productivity and to accomplish shared goals. Additionally, transactional leaders were more concerned with meeting the lower level of Maslow's (1970) hierarchy of needs, specifically physiological and safety needs. The reward dimension of transactional leadership style has the potential to contribute to job satisfaction.

Laissez-faire leadership is not close to the transformational and transactional leadership spectrum and represents the absence of leadership. According to Northouse (2013), a supervisor who does not engage in meetings, pursues little to no contact with employees, and has no visions to share with subordinates is an example of a laissez-faire leader.

As per the findings of this specific research the correlation coefficient between Laissez-faire leadership and job satisfaction is 0.105 this variable also have a positive correlation at the magnitude of 0.105, so they are statistically significant at 0.05 level. And the regression result shows that the Laissez-faire leadership shows the result of -0.009 it means that the independent variable has an inverse relationship with the dependent variable job satisfaction.

Several studies revealed findings that laissez-faire leadership style had no significant relationship with job satisfaction (Bass, 2009; Chaudhry & Husnain, 2012; Ghorbanian, et al., 2012; Sadeghi

& Pihie, 2012). The study included more than 400 professionals from eight industries. Based on data collection analysis, there was a negative relationship between laissez-faire leaders and self-leadership. The inference from the results suggested that one must be in control of one's self before leading others. As previously noted, employees involved with high emotional labor do not prefer transactional leadership (Liu et al., 2011). Laissez-faire leaders may be appropriate for the type of work environment where workers receive minimal feedback to achieve job satisfaction. In fact, Sadeghi and Pihie confirmed from a quantitative study (2012) that a positive relationship with laissez-faire leadership and job satisfaction involving academic deans because the workers desired to operate with autonomy.

4.4 Qualitative analysis (content analysis)

In the Close ended question part employees were asked to describe whether there is standardized formal leadership style were adopted by the CBE managements and whether they are satisfied with their Leadership style or not, from the total respondent respond for the closed ended questions. Majority of the respondent responded that there is no formal standardized leadership style adopted by CBE furthermore the respondents responded that they are not satisfied with the current leadership behavior of their supervisor. Some of the characters of leader stated by employees includes i.e. mangers or supervisors are like a boss not as a leader, lacks integrity and ability to communicate, talking things personally, decision making is centralized at the top, Lacks courage and only give commands, Follow strict and directive rule and more influenced by their personal behavior, not helpful for subordinates, Less managerial skill, poor coordinating and decision making skill, generally Their performance is not clearly tangible. On the other side the management view is also assessed regarding Leadership style & job satisfaction through some unstructured interview questions and it is summarized below. The concerned management working in some department believes that the organization did not specifically used one standardized managements leadership style, but they believe leadership style adopted created comfortable working atmosphere since there are suitable working place and facilities for the employees in contrary to employee's response. The concerned management also believes that CBE Leadership style contributes a lot on developing its employee's carrier by providing opportunity for personal growth and development. The management in CBE also strongly believes that the employees are satisfied by their job due to various reasons some of the reason

cited by the management leadership style are: competitive reward in the organization. Opportunity to acquire various skill and knowledge since it is huge financial institution first to launch and adopt new technology in the industry.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The student researcher tried to explore whether employees achieved job satisfaction based on the manager's leadership style, and how differently the three common leadership styles affect job satisfaction expectations. Participants' responses validated theories discussed in chapter two as the foundation of the current research. Based on the data analyzed the following major findings were drawn.

The results of demographic variable show that from the sample taken from all Addis Ababa regions n=375 employees 58% male and 42% were female respondents. The results on ages showed that majority of CBE employees aged between 26and 30 are 24.8%, below 26 and aged between 31 and 35 (23.5% each). Respondents aged above 40 made up about 14.7%, while the smallest group was those aged between 36 and 40 who only represent 13.5% of the responses.

The findings of the research revealed that transactional leadership style is strongly related with employees job satisfaction and it is the dominant one and also CBE employees altogether shows positive response for transformational leadership style, laissez-faire leadership style as we compared from the others have got negative response. Negative response means that as employees are more motivated by the other two leadership styles wouldn't be that much motivated by a managerial characteristics' of laissez-faire leader. 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. In general, the research study achieved its objectives of determining the relationship between leadership styles and employee's job satisfaction at CBE with particular focus to Addis Ababa region.

5.2   Conclusion

The main objective of the study was to examine the effect of leadership styles on job satisfaction of employees in Commercial Bank of Ethiopia. Data was collected from employees currently working in CBE by using structured questionnaire with Likert scale. Statistical Package for Social Sciences software (SPSS) version 20 was employed to analyze the demographic characteristics of the respondents, correlation and multiple regression.

The two dominant leadership styles (transformational, transactional) are supported by employees who are working at CBE. This leadership styles make employees more satisfied with their current job. As Epitropaki & Martin (2013); Long & Thean (2011); Pieterse et al. (2010) and Chaudhry and Husnain (2012) got similar findings to Northouse (2013) which stated that transactional leadership has a positive relationship with job satisfaction. As per this specific research paper results transactional leadership was positively correlated with job satisfaction as transactional leaders more focused on meeting employees the lower level of Maslow's hierarchy of needs, specifically physiological and safety needs. Transactional leadership has is correlated with job satisfaction in the magnitude of 0.186and it is positively related with job satisfaction at 0.21 degree.

Also transformational leadership has a direct relationship with job satisfaction. This justification more supported by (Bodla & Nawaz, 2010; Mancheno-Smoak et al., 2009) they stated that followers were motivated to look beyond self-interests for the good of the group and view the work responsibilities from new perspectives. The results of their research showed a significant relationship between transformational leadership and employee job satisfaction. This research paper also discloses that job satisfaction and leadership styles have strong correlation at the magnitude of 0.255 and just like transactional leadership it is also positively related to job satisfaction at .0142 degree. Several studies revealed findings that laissez-faire leadership style had no significant relationship with job satisfaction (Bass, 2009; Chaudhry & Husnain, 2012; Ghorbanian, et al., 2012; Sadeghi & Pihie, 2012). This paper also support the results of the above scholars as laissez-faire leadership is positively correlated at the magnitude of 0.105 and negatively related to job satisfaction at -0.009 degree.

5.3   Recommendations

Based on the above conclusions, the student researcher suggests the following recommendations: The CBE leader has to determine the appropriate leadership style to implement for employees to achieve organizational goal. Since CBE employees prefer transactional and transformational leadership style, the managers of the CBE ought to act as role models by being the first to do what need to be done. They need to motivate the employees and act as coach for the development of future leaders by delegating duties and engaging them in decision making.

From the data collected from the questionnaire in CBE there is no standardize leadership style which can be implemented all over the branches, it is recommended that CBE has to implement its standardize leadership style so that every employees face the same leadership style as employees changes branches by promotion or transfer.

Further research studies can be conducted on the investigation of other factors such as demographic factors to assess their impact on the leadership styles as well as job satisfaction. Additionally, the case study focused on the impact on the leadership styles on the job satisfaction of CBE employees, Adise Abeba Region Branches. It is therefore recommended that a similar study be replicated in other Regions of CBE bank in Ethiopia.

In future research, it would be interesting to assess causal relationships and consider alternative modes of enquires such as employing the longitudinal design (e.g. observations or interviews) to determine if the findings tested are likely to be sustained.

Future studies can benefit by including leadership styles other variables in determining employee performance. Comparisons can also be made between the private and Governmental banks. The findings of this study may not be generalized to the whole industry or to other branches in the country.

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QUESTIONNAIRE

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF GENERAL BUSINESS ADMINSTRATION

Questionnaires to be filled in by CBE Staff

Dear respondent:

 The questionnaire is designed to collect data for master's thesis which is entitled *"The Relationship between Employees' Perceived Leadership Style and Job Satisfaction: The Case of Commercial Bank of Ethiopia"*. Accordingly, you are randomly chosen to reflect on issues pertinent to the leadership style of your managers and your job satisfaction. So, you are kindly requested to give genuine and appropriate response. 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. Your participation in helping me to finalize my study is greatly appreciated. Thank you in advance for your cooperation and kindness!

General Direction:

➢ You are not required to write your name.

➢ Indicate your response by putting a **"X"** mark in the box.

I. Demographic Data

This demographic data is intended to collect the general information of the respondent which is related to the research paper. You are expected to feel this questions by putting **"X"** mark in the boxes.

1. **Gender:** Female ☐   Male ☐

2. **Age:** 21-25 years ☐   26-30 years ☐   41years and above ☐

     31-35 years ☐   36-40 years ☐

3. **Educational qualification:**

     Diploma ☐   Degree ☐   Masters ☐

4. Years of Service in the CBE:

1-5 years ☐	11-15 years ☐	21 years and above ☐
6-10 Years ☐	16-20 Years ☐	

5. Position/ Job Title:

Junior Officer ☐	CSO Accountant ☐	Senior Branch controller ☐
CSO ☐	CSO Cash ☐	

II. Leadership Styles Questionnaire

The following items are meant to survey your perception of the leadership style being followed by your supervisor/manager. Please rate your level of agreement to each statement by putting **"X"** mark under the rating scale which best reflect your feeling.

No.	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
My Manager						
1	Talks about their most important values and beliefs.					
2	Discusses in specific terms about who is responsible for achieving performance targets.					
3	Spends time teaching and coaching.					
4	Goes beyond self-interest for the good of the group.					
5	Acts in ways that builds my respect.					
6	Treats me as an individual rather than just as a member of a group.					
7	Expresses satisfaction when I meet expectations.					
8	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards.					
9	Concentrates his or her full attention on dealing with mistakes, complaints, and failures.					
10	Keeps track of all mistakes.					
11	Talks enthusiastically about what needs to be accomplished.					
12	Focuses on short-term goals.					
13	Favors structured policies and procedures.					
14	Tends to be inflexible.					

15	Opposes to change.					
16	Suggests new ways of looking at how to complete assignments.					
17	Gets me to look at problems from many different angles.					
18	Give highlights for important priorities.					
19	Talks optimistically about the future sense of mission.					
20	Considers me as having different needs, abilities, and aspirations from others.					
21	Emphasizes the importance of having a collective sense of mission.					
22	Re-examines critical assumptions to question whether they are appropriate or not.					
23	Works to change the system.					
24	Tries to find what needs to be changed.					
25	Maximizes their teams' capability and capacity.					
26	Considers the moral and ethical consequences of decisions.					
27	Start solving challenges by fitting experiences to a known pattern.					
28	Promotes cooperation and harmony.					
29	Encouraging followers to look beyond self-interests to the common good.					
30	Is quite competent in doing his/her job.					
31	Specifies the importance of having a strong sense of purpose.					
32	Fails to interfere until problems become serious.					
33	Waits for things to go wrong before taking action.					
34	Avoids getting involved when important issues arise.					
35	Avoids making decisions.					
36	Provides me very little guidance.					
37	Gives complete freedom for followers to make decisions.					
38	Let group members to solve problems on their own.					
39	Delays responding to urgent questions.					

III. Job Satisfaction Questionnaire

This part is intended to gather data related to the employees job satisfaction in CBE.   Please rate your level of agreement to each statement by putting **"X"** mark under the rating scale which best reflect your job satisfaction.

No.	Statements	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
1	I feel I am being paid a fair amount for the work I do.					
2	I am satisfied with the benefits I receive.					
3	The benefit I receive is as good as most of other private banks' offer.					
4	I feel satisfied with my chances for salary increases.					
5	There are benefits we do not have which we should have.					
6	I feel unappreciated by the organization when I think about what they pay.					
7	There is really too little chance for promotion on my job.					
8	CBE provides opportunity to utilize my skills and talents.					
9	There are adequate opportunities for periodic changes in duties.					
10	My supervisor shows too little interest in the feelings of subordinates.					
11	When I do a good job, I receive the recognition.					
12	My supervisor is unfair to me.					
13	Many of our rules and procedures make doing a good job difficult.					
14	Work assignments are fully explained.					
15	I am entitled to variety of job responsibilities.					
16	The goals of CBE are clear to me.					
17	I have too much to do at work.					
18	I like doing the things I do at work.					
19	I feel job security at CBE.					
20	I sometimes feel my job is meaningless.					
21	I feel a sense of pride in doing my job.					
22	My job is enjoyable.					
23	Communications seem good among the staff members.					
24	I enjoy my coworkers.					
25	I like the people I work with.					

DECLARATION

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Kalkidan Berhanu

Jan, 2019

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for Examination with my approval as a university advisor.

Terefe Feyera (PhD)

Jan, 2019