

# Exploring the Impact of Leadership Approaches on Employee Satisfaction in Ethiopian Private Universities

Zelalem Tesfaye<sup>1</sup>, Dr. Arvinder Singh Chawla<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Management, Guru Kashi University (GKU), Talwandi Sabo, Punjab, India

<sup>2</sup>Supervisor, Guru Kashi University (GKU), Talwandi Sabo, Punjab, India

\*Corresponding Email: zelalembizuneh16@gmail.com

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## Abstract

Leadership style is a key factor influencing job satisfaction across organizations, shaping employee morale, retention, and performance. This study investigates how transformational, transactional, and laissez-faire leadership styles affect job satisfaction in diverse workplaces. Grounded in established theories, this research applies quantitative regression analysis using validated instruments to assess employees' perceptions and satisfaction levels. The findings reveal that transformational leadership, characterized by vision and individualized support, has the strongest positive impact on job satisfaction, enhancing psychological empowerment and workplace engagement. Transactional leadership, which emphasizes rewards and clear structures, also contributes positively but to a lesser extent. Conversely, laissez-faire leadership, marked by minimal leader involvement, demonstrates a significant negative relationship with employee satisfaction, often leading to confusion and reduced morale. These patterns persist across various industries and cultural contexts, as confirmed by meta-analyses and sector-specific studies. The study's regression coefficients support these relationships: transformational ( $B = 0.605$ ,  $Beta = 0.581$ ), transactional ( $B = 0.406$ ,  $Beta = 0.416$ ), and laissez-faire ( $B = -0.372$ ,  $Beta = -0.357$ ). These results highlight the centrality of engaged and proactive leadership in fostering job satisfaction and productivity. Practical implications urge organizations to develop transformational and transactional leadership capabilities through targeted training and feedback programs, while discouraging laissez-faire tendencies. The novelty of this work lies in quantitatively contrasting leadership styles' effects in a unified framework, contributing actionable insights for leadership development and human resource strategies across sectors.

**Keywords:** Leadership styles, job satisfaction, private higher education

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## INTRODUCTION

Employee job satisfaction functions as a cornerstone for organizational effectiveness in academic institutions, directly influencing critical outcomes such as workforce productivity, talent retention, and overall institutional performance (Alodhiani, 2024). In the higher education sector, particularly, satisfied faculty members and administrative staff demonstrate greater commitment to institutional missions, which translates into more effective teaching practices, improved student support services, and enhanced learning environments that foster student success (Liu, 2024). This satisfaction-performance linkage underscores why understanding and optimizing employee satisfaction represents a strategic imperative for higher education administrators seeking to improve institutional quality and competitiveness, especially in contexts like Ethiopia's rapidly evolving private higher education landscape, where attracting and retaining qualified professionals remains an ongoing challenge. The relationship between leadership approaches and job satisfaction therefore warrants careful examination, as institutional leaders' management styles significantly shape workplace conditions that either promote or hinder employee satisfaction and its subsequent organizational benefits.

The leadership styles implemented by institutional administrators play a decisive role in shaping workplace dynamics, profoundly influencing employee engagement, professional performance, and career satisfaction (Reyaz, 2024). These relationships carry particular significance within Ethiopia's burgeoning private higher education sector, where attracting and retaining highly qualified academic staff serves as a critical determinant of institutional reputation, educational quality, and long-term sustainability in an increasingly competitive market. The strategic importance of effective leadership is further amplified by Ethiopia's rapid higher education expansion, examining leadership approaches and their impact on faculty satisfaction, both timely and essential for guiding institutional development and maintaining academic excellence.

Ethiopia's higher education sector has undergone transformative expansion in the past decade, marked by a proliferation of private institutions that have dramatically increased tertiary education access while creating intense competition for top academic talent. This rapid institutional growth, coupled with

evolving educational demands, has elevated the critical importance of adaptive leadership in cultivating positive organizational environments that foster faculty commitment and professional fulfillment. Within this context, effective leadership approaches serve as the foundation for developing resilient academic communities where educators feel valued and motivated, directly impacting institutional stability and the quality of higher education delivery. The current academic climate consequently demands leadership strategies that not only address immediate operational challenges but also nurture sustainable job satisfaction among faculty and staff, a crucial factor in maintaining Ethiopia's educational advancement and global competitiveness.

This comprehensive study systematically examines how distinct leadership approaches, including visionary (transformational), reward-based (transactional), collaborative (participative), authoritative (directive), and non-interventionist (laissez-faire) styles, differentially influence faculty satisfaction metrics across Ethiopia's private higher education institutions. The investigation employs a multidimensional analytical framework that not only assesses direct relationships between leadership styles and job satisfaction but also probes the mediating mechanisms of organizational culture and physical work environment quality. Furthermore, the study incorporates critical moderating factors such as access to continuous professional development programs, institutional support systems, and meaningful employee participation in decision-making processes, which may amplify or attenuate the core relationships under examination. This nuanced approach enables a holistic understanding of the complex interplay between leadership practices and faculty wellbeing in Ethiopia's unique higher education context, where rapid privatization and academic workforce challenges create distinct operational realities that demand context-specific leadership solutions. The research design specifically addresses how different leadership approaches interact with institutional characteristics and policy interventions to produce varying satisfaction outcomes among academic staff, thereby offering actionable insights for university administrators and policymakers seeking to optimize human resource management strategies in this dynamic educational landscape.

## **RESEARCH METHODOLOGY**

### **Research Design**

This research adopts a hypothesis-driven, explanatory methodology to uncover the underlying mechanisms through which distinct leadership approaches causally influence faculty satisfaction in higher education settings. Unlike exploratory or descriptive designs, this study's framework is specifically engineered to test directional hypotheses about how transformational (inspirational), transactional (contingent reward), and laissez-faire (passive) leadership styles produce varying satisfaction outcomes, while controlling for confounding organizational factors. The methodological architecture combines precisely operationalized variables with validated measurement tools and advanced statistical controls to disentangle the unique effects of each leadership paradigm. Through this rigorous causal lens, the analysis progresses beyond mere association to reveal how specific leadership behaviors actively shape employee satisfaction - whether through motivational enhancement (transformational), clear expectation-setting (transactional), or the detrimental effects of leadership absence (laissez-faire). The design's explanatory power stems from its ability to isolate these causal pathways while accounting for real-world complexities like overlapping leadership practices and institutional moderators. By systematically verifying which leadership approaches genuinely drive satisfaction - rather than simply correlating with it - the study generates both theoretically significant findings and practical leadership strategies tailored to academic institutions' unique cultural and operational contexts. This approach makes a distinct contribution by replacing speculative relationships with evidence-based causal understanding, offering decision-makers concrete guidance on which leadership investments yield measurable returns in faculty satisfaction and institutional performance.

### **Research Approach**

This study employed a rigorous quantitative methodology to systematically investigate the connections between leadership styles and employee satisfaction within Ethiopia's private higher education sector. Utilizing a cross-sectional survey design, the research captured comprehensive data from faculty and administrative staff across multiple institutions simultaneously, providing a snapshot of prevailing leadership dynamics and their satisfaction outcomes. The target population encompassed academic and professional staff from strategically selected private universities, with a statistically representative sample of 301 participants carefully determined through Yamane's (1967) sampling formula to achieve a 95%

confidence level with  $\pm 5\%$  margin of error. This methodological approach enabled robust statistical analysis while maintaining practical feasibility, ensuring the findings accurately reflect the experiences of employees across Ethiopia's diverse private higher education landscape. The design's strength lies in its ability to quantify complex organizational relationships while controlling for potential confounding variables, yielding reliable insights into how different leadership approaches influence workplace satisfaction in this specific educational context.

### **Sample and Data Collection**

To ensure a comprehensive and representative sample, this study employed a stratified random sampling approach that systematically accounted for key institutional and occupational variables. The stratification framework incorporated three critical dimensions: (1) institutional characteristics (including university size, accreditation status, and geographical location), (2) professional classification (distinguishing between teaching faculty and administrative personnel), and (3) academic/operational units (categorized by department or functional area). This multi-layered stratification strategy achieved proportional representation across all major segments of Ethiopia's private higher education sector, while simultaneously controlling for potential confounding factors that could influence the leadership-satisfaction relationship. The methodology specifically addressed inherent variations in organizational culture, resource allocation, and job demands across different institution types and staff categories, thereby strengthening the validity and generalizability of findings. By maintaining the random selection principle within each carefully defined stratum, the sampling design preserved statistical rigor while ensuring all relevant institutional and occupational perspectives were adequately captured in the final sample composition. This approach significantly enhanced the study's capacity to produce nuanced insights about how leadership effects might vary across different higher education contexts and professional roles within Ethiopia's evolving private university system.

The research employed structured questionnaires featuring established measurement scales to assess both leadership approaches and job satisfaction levels. To evaluate leadership styles, the study incorporated the Multifactor Leadership Questionnaire (MLQ), a widely-used instrument that reliably measures transformational, transactional, and laissez-faire leadership dimensions. For capturing job satisfaction, the Job Satisfaction Survey (JSS) was utilized, examining overall satisfaction along with specific aspects such as remuneration, career advancement prospects, supervisory relationships, and colleague interactions. The survey employed a five-point Likert scale format, allowing respondents to precisely indicate their level of agreement with various statements while ensuring standardized data collection across all participants. This measurement approach provided an effective balance between capturing nuanced employee perspectives and maintaining practical survey administration, enabling the conversion of subjective experiences into quantifiable data for rigorous statistical analysis. The combination of these validated instruments and response scales ensured the collection of reliable and meaningful data to examine the relationships between leadership practices and employee satisfaction within Ethiopia's private higher education context.

### **Data Analysis**

The collected data were subjected to regression analysis to systematically examine the relationships between leadership styles and job satisfaction. Multiple regression analysis was specifically employed as the primary analytical technique to assess both the individual and collective influence of various leadership approaches (transformational, transactional, and laissez-faire) on employee satisfaction levels. This multivariate statistical method enabled the researchers to determine the unique contribution of each leadership style while controlling for potential confounding effects among the predictor variables. The regression model quantified the strength and direction of these relationships, providing empirical evidence about which leadership practices most significantly impact job satisfaction in Ethiopian higher education institutions. By analyzing the standardized beta coefficients, the study could compare the relative importance of different leadership styles, while the overall model fit statistics indicated the explanatory power of these leadership factors in accounting for variations in employee satisfaction.

## **RESULTS AND DISCUSSION**

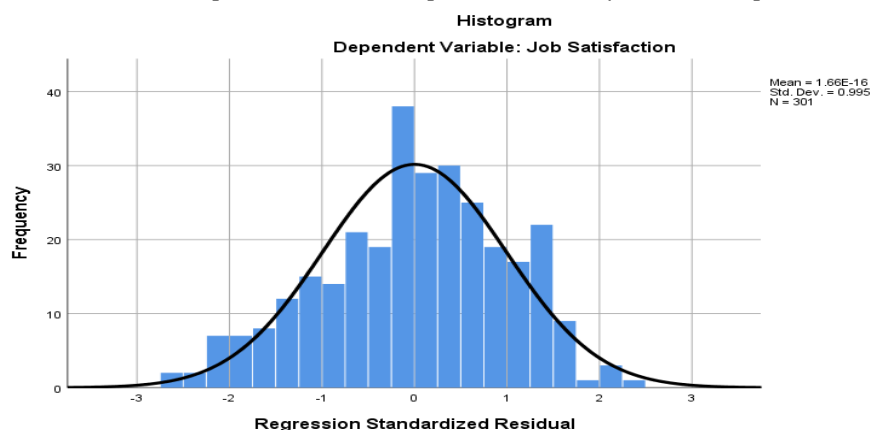
This study employed linear regression analysis to examine the effects of leadership styles (transformational, transactional, and laissez-faire) on job satisfaction among faculty in private higher education institutions, with preliminary diagnostic tests conducted to validate key regression assumptions: multicollinearity was assessed through Variance Inflation Factor (VIF) and tolerance values

to ensure predictor independence; normality of residuals was verified via histogram; and homoscedasticity was evaluated using scatterplots of standardized residuals versus predicted values to confirm constant error variance. Having satisfied these fundamental assumptions, the regression model was implemented to quantify the distinct relationships between leadership approaches and faculty satisfaction while controlling for potential confounders, thereby ensuring robust estimation of both effect direction and magnitude while maintaining statistical power to detect significant associations in the higher education context.

**Table 1.** Multicollinearity Assumption

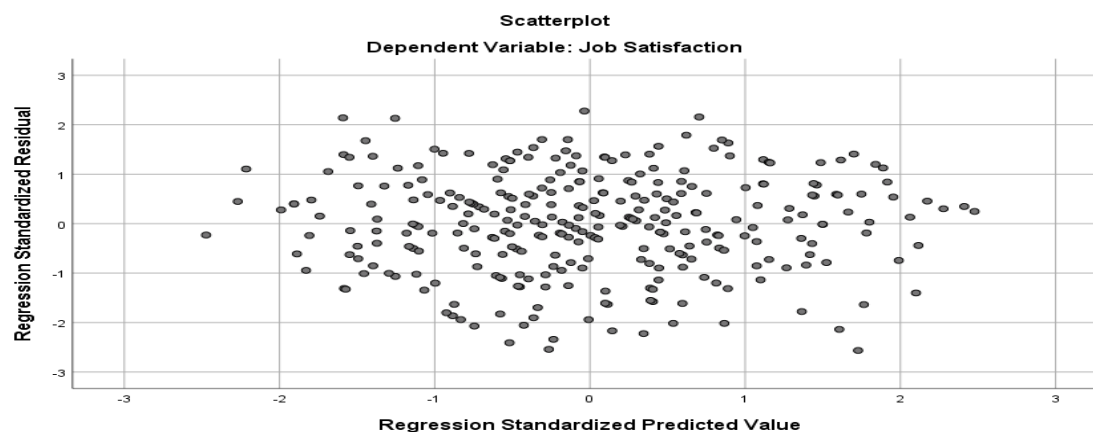
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transformation	.799	1.252
	Transaction	.785	1.274
	Laissez	.929	1.077

The collinearity diagnostics indicate no significant multicollinearity concerns among the predictor variables, as evidenced by tolerance values all exceeding 0.785 (Transformational = 0.799, Transactional = 0.785, Laissez-faire = 0.929) and corresponding VIF values all below 1.274 (Transformational = 1.252, Transactional = 1.274, Laissez-faire = 1.077), which are well within acceptable thresholds (VIF < 5 and tolerance > 0.2), confirming that each leadership style variable contributes unique explanatory power to the model without problematic overlap or redundancy with other predictors.



**Figure 1.** Normality Test

The histogram of standardized residuals for the job satisfaction regression model (N=301) reveals a well-specified analysis, with residuals normally distributed around a near-zero mean (1.66E-16) and exhibiting appropriate dispersion (SD=0.995). The symmetric bell-shaped distribution indicates conformity with regression assumptions, demonstrating that the model errors are random and normally distributed, thereby validating the reliability of the regression results and confirming that the linear regression approach was appropriately applied to examine the relationship between leadership styles and job satisfaction.



**Figure 2.** Heteroskedasticity Test

The scatterplot displays the relationship between standardized predicted values and standardized residuals from the regression analysis of job satisfaction. The random dispersion of residual points across the range of predicted values (from approximately -3.5 to -0.5) suggests that the key assumptions of linear regression, homoscedasticity (constant variance of residuals) and linearity are satisfied. The absence of any systematic patterns (e.g., funnel shapes or curves) in the residual distribution indicates no evidence of heteroscedasticity or model misspecification, thereby supporting the validity of the regression results for examining the effect of leadership styles on job satisfaction. The overall symmetric distribution of residuals around zero further confirms that the model is well-fitted to the data.

**Table 2.** The Effect of Leadership Style on Job Satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.597	.142		4.208	.000
	Transformation	.605	.038	.581	16.137	.000
	Transaction	.406	.035	.416	11.457	.000
	Laissez	-.372	.035	-.357	-10.685	.000

The regression analysis offers detailed insights into how different leadership styles influence employee job satisfaction. Results show that transformational and transactional leadership positively affect satisfaction, whereas laissez-faire leadership has a detrimental effect. The unstandardized coefficients indicate that for every unit increase in transformational leadership, job satisfaction rises by 0.605, while transactional leadership yields a 0.406 increase. In contrast, a unit increase in laissez-faire leadership corresponds to a 0.372 decline in satisfaction. These findings support existing theoretical frameworks and empirical studies (Kebede & Demeke, 2017; Liu, 2024), reinforcing that transformational and participative leadership approaches enhance employee satisfaction in Ethiopian higher education institutions.

However, transactional and laissez-faire leadership may yield less favorable outcomes. Transactional leadership, which relies on structured rewards and corrective measures, often fails to sustain long-term employee motivation (Han, 2025). Meanwhile, laissez-faire leadership, characterized by minimal supervision, can leave employees feeling unsupported and disengaged (Meas et al., 2024). Both styles risk fostering dissatisfaction if overused or mismatched to organizational needs. Organizational culture and workplace conditions further mediate these relationships. A positive culture amplifies the benefits of transformational and democratic leadership, whereas a dysfunctional environment can negate even the most effective leadership strategies (Hasim, 2024). Additionally, a supportive work atmosphere independently boosts job satisfaction (Desta, 2021).

These results align with broader research on leadership and employee satisfaction. Prior studies confirm that transformational leadership consistently correlates with higher job satisfaction (Liu, 2024). However, contextual factors such as cultural norms and institutional structures may moderate these effects, suggesting that leadership approaches must be tailored to specific organizational settings.

## CONCLUSION

This article highlights the critical influence of leadership style on employee job satisfaction, with robust evidence across multiple organizational settings. Regression analysis demonstrates that transformational and transactional leadership styles are both significantly and positively associated with higher job satisfaction, while laissez-faire leadership is a significant negative predictor. Notably, the standardized coefficients indicate that transformational leadership has the greatest impact on satisfaction, underscoring the value of visionary and supportive leadership behaviors. These insights align with broader findings showing that transformational leaders promote psychological empowerment, engagement, and a supportive work climate, all of which enhance satisfaction and performance. Transactional leadership, though slightly less influential, still supports positive employee outcomes by providing structure, clear expectations, and recognition for achievements. By contrast, laissez-faire leadership characterized by avoidance and a lack of direction consistently emerges as detrimental, with links to frustration, lower morale, and reduced organizational effectiveness. Given these findings, organizations aiming to improve job satisfaction should prioritize the development of transformational and transactional leadership capabilities. Practical interventions might include leadership training programs, performance feedback mechanisms, and organizational support systems to cultivate active, engaged leaders. Further, adapting

leadership approaches to team and cultural contexts can maximize their positive effects. Looking ahead, continued research examining sectoral differences, mediating variables such as empowerment, and the role of organizational culture will further refine our understanding of these complex relationships. Ultimately, fostering effective leadership is not only a matter of managerial practice but a cornerstone of organizational health and employee well-being.

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