

Leadership Styles And Employee Satisfaction: An Empirical Study Of Private Higher Education Institutions In Ethiopia

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ABSTRACT

Background: Leadership behavior determines the academic culture, retention and performance of staff in higher education institutions. Despite increasing number of studies on organisational behaviour in Sub-Saharan Africa, there is a lack of empirical evidence that associates particular leadership styles with employee satisfaction in private higher education sector in Ethiopia.

Purpose: This study explores associations between three most prevalent leadership styles, namely transformational, transactional and laissez-faire and employee satisfaction among academic and non-academic staff members in private higher education sector in Ethiopia.

Methodology: This study employed a quantitative cross-sectional survey approach. Data collected from 302 employees in eight purposively sampled private higher education institutions in Addis Ababa using two standardised instruments: Multifactor Leadership Questionnaire Short Form (MLQ-5X) and the Minnesota Satisfaction Questionnaire Short Form (MSQ-SF). Descriptive statistics, Pearson correlation analysis and multiple linear regression analysis conducted using IBM SPSS Statistics version 27.

Results: Transformational leadership strongest positive predictor of employee satisfaction ($\beta = 0.54$, $p < 0.001$) followed by transactional leadership ($\beta = 0.28$, $p < 0.001$). Laissez-faire leadership significant negative predictor ($\beta = -0.31$, $p < 0.001$). Full model explained 58.3% of variance in employee satisfaction ($R^2 = 0.583$, Adjusted $R^2 = 0.575$; $F(6, 295) = 68.47$, $p < 0.001$).

Conclusion: Transformational leadership is most influential predictor of employee satisfaction in Ethiopian PHEIs. Institutional administrators and policymakers must focus on leadership development programs emphasizing inspirational motivation, intellectual stimulation and individualized consideration to enhance staff retention and institutional outcomes.

Keywords: transformational leadership, transactional leadership, laissez-faire leadership.

1. Introduction

The leadership quality in any given organisation is one of the most influential factors in shaping perceptions of employees regarding their working environment, immediate superiors, and long-term career prospects. In the context of higher education institutions, leadership goes beyond the administrative coordination of activities; instead, it shapes the tone of the academic environment, the level to which employees feel valued and motivated, and ultimately determines the performance and reputation of the institution (Yukl, 2013). Employee satisfaction, defined as the degree to which employees experience positive affective orientations towards their work, supervisors, and organisational conditions, is widely acknowledged as a proximal antecedent of diminished absenteeism, decreased voluntary turnover, and improved individual productivity (Locke, 1976; Spector, 1997).

Ethiopia represents an interesting and yet uncharted territory for this research. During last two decades, countries higher education sector has grown significantly through a series of government proclamations, most notably through Higher Education Proclamation No. 650/2009, which established the involvement of private institutions in countries higher education framework. Currently, private higher education institutions (PHEIs) account for a substantial number of students enrolled in Ethiopian universities, competing with public institutions for qualified personnel in a context of limited supply and increasing demand. High turnover rates, associated with leadership-related dissatisfaction, have been identified as a structural issue for most PHEIs (Teshome, 2020; Abera & Mekonnen, 2022).

Nonetheless, the empirical literature on leadership and employee satisfaction in Ethiopian higher education sector remains underdeveloped. Existing literature on Africa is largely confined to the public sector or

manufacturing, while the few studies conducted in higher education sector are limited to public universities in Nigeria, Kenya, or South Africa. Ethiopian PHEIs, which function in a unique cultural setting characterized by collectivism, deference to authority, and a rapidly changing employee expectations environment, have not been subject to rigorous scholarly inquiry (Fisseha, 2018; Tekeste & Hailu, 2021).

This paper fills this research gap by conducting a quantitative analysis on the predictive relationship between transformational, transactional and laissezfaire leadership styles and employee satisfaction among 302 academic and non-academic employees of eight PHEIs in Addis Ababa. The theoretical framework adopted in this paper is the Full Range Leadership Theory (Bass & Avolio, 1994), which positions these three leadership styles on a continuum that ranges from passive non-leadership to exchange-based leadership to inspirational and value-driven leadership. The structure of this paper is as follows: Section 2 is a review of the theoretical and empirical literature, Section 3 outlines the research hypotheses, Section 4 outlines the methodology, Section 5 presents the findings, Section 6 offers a discussion of the findings and Section 7 concludes this paper.

2. Literature Review

2.1 Full Range Leadership Theory

Theoretical Background

The theoretical framework for this research is the Full Range Leadership Theory (FRLT) developed by Bass (1985) and later developed by Bass & Avolio (1994). FRLT describes leadership on a continuum of effectiveness and engagement. One end of continuum is laissezfaire leadership, which is marked by avoidance of supervisory roles, procrastination in decision-making and a lack of engagement in follower needs. The midpoint of the continuum is transactional leadership which is based on exchange principle. Supervisors articulate performance expectations, monitor for deviations and reward or correct accordingly. At top of the continuum is transformational leadership, where leaders engage followers through shared vision, mental stimulation, emotional motivation, and personal concern for growth.

Transformational leadership involves four behavioural factors that are frequently quoted in the literature: (a) idealised influence the degree to which the leader is liked and respected as a role model; (b) inspirational motivation articulation of a powerful and meaningful organisational vision; (c) intellectual stimulation challenging followers to think innovatively; and (d) individualised consideration providing personal guidance and attention to each follower's individualised needs (Bass & Avolio, 2004; Avolio et al., 1999). Transactional leadership is measured mainly by contingent reward (clarifying expectations and rewarding performance) and management by exception (active and passive error detection). FRLT has been shown to be valid in a broad range of cultural and organisational settings, and is currently the most extensively tested leadership theory in OB research (Antonakis et al., 2003; Judge & Piccolo, 2004).

2.2 Employee Satisfaction: Conceptual Foundations

Employee satisfaction has been described as the extent to which an individual rates his or her overall work environment positively (Spector, 1997). Locke's (1976) seminal conceptualisation differentiated between cognitive judgments of job components (pay, supervision, coworkers, tasks) and the positive affective states that these judgments produce. Later conceptualisations highlighted that satisfaction is a global concept and a multi-dimensional construct, with intrinsic components (achievement, autonomy, personal growth) and extrinsic components (compensation, work conditions, quality of supervision) functioning relatively independently of each other as predictors of behavioral outcomes like turnover intention and organizational citizenship behavior (Oshagbemi, 1999; Weiss et al., 1967).

Two-factor theory, proposed by Herzberg (1966), further differentiates between motivators, which are those aspects of work experience that create authentic satisfaction, and hygiene factors, which, when absent, lead to dissatisfaction but do not, in themselves, motivate. This is highly pertinent to leadership studies, where transformational leadership behaviours are primarily found to affect motivator dimensions (achievement, growth, recognition), while transactional leadership behaviours can be seen to address the hygiene dimensions (supervision, working conditions). Meta-analytic studies have found supervisory leadership style to be one of the most potent predictors of employee satisfaction in organisations, with effect sizes often surpassing those of compensation and job design (Judge et al., 2001; Piccolo & Colquitt, 2006).

2.3 Transformational Leadership and Employee Satisfaction

The evidence base for the transformational leadership-employee satisfaction relationship is one of the strongest within the field of organisational behaviour studies. In a seminal meta-analysis involving 87 studies, Lowe et al. (1996) reported positive and consistent associations between transformational leadership behaviours and employee satisfaction. In a more recent meta-analysis involving 130 independent studies (n = 43,703), Ng (2017)

reported that transformational leadership explained about 25% of the variance in job satisfaction, with the individualised consideration dimension of transformational leadership identified as the single most potent predictor.

The theoretical processes that explain this relationship are well understood. Transformational leaders increase the psychological meaningfulness of work by linking employees' job activities to a broader organisational goal (Piccolo & Colquitt, 2006). Transformational leaders increase perceived competence by stimulating employees' intellects and providing developmental feedback (Dvir et al., 2002). Transformational leaders build organisational trust and affective commitment by showing personal integrity and follower-centred behaviour (Dirks & Ferrin, 2002). In the African higher education environment, research conducted in Nigeria (Obiwuru et al., 2011), Pakistan (Ali et al., 2018), and South Africa (Ojo et al., 2022) has supported these linkages, but private sector Ethiopian data is still sparse.

2.4 Transactional Leadership and Employee Satisfaction

Satisfaction is mainly generated by the contingent reward aspect of transactional leadership, which builds predictable associations between performance and outcomes (Podsakoff et al., 1984). By communicating clear performance expectations and providing feedback and rewards in a predictable and timely fashion, managers can create a sense of clarity and procedural fairness, both of which are linked to higher levels of satisfaction (Antonakis et al., 2003). The evidence for management by exception is more ambiguous, as active monitoring may be seen as controlling in professional settings, while passive monitoring is associated with feelings of ambiguity and frustration (Hinkin & Schriesheim, 2008).

In the Ethiopian scenario, the transactional leadership style could offer critical structural support to the employees working within institutions where role definition and administrative predictability are not always consistent. Tekeste and Hailu (2021) found that many of the employees in the PHEIs in Ethiopia were appreciative of goal setting and reward systems that are transparent, which indicates that the contingent reward aspect of the transactional leadership style could be addressing a critical need in the Ethiopian context, even though it does not meet the higher-order needs.

2.5 Laissezfaire Leadership and Employee Satisfaction

Laissezfaire leadership understood by lack of active supervisory involvement rather than any positive form of leadership—represents the style most clearly linked with negative consequences across the FRLT literature. Skogstad et al. (2007) described passive leadership as a type of indirect workplace aggression due to its propensity to generate role ambiguity, interpersonal conflict left unresolved, and institutional neglect. In knowledge-intensive organizations such as universities, where faculty members rely on the institution for support in terms of promotion, research, and curriculum development, supervisory passivity is very expensive (Hinkin & Schriesheim, 2008).

Abera and Mekonnen (2022) observed that Ethiopian university workers have a strong expectation of leader accessibility and responsiveness, which makes the psychological distance created by laissezfaire leaders particularly incongruous with the cultural expectations of hierarchical responsiveness. The Ethiopian cultural norm of leader active discharge of visible responsibilities heightens the negative signal of the passive or absent leadership, which could exacerbate the already well-documented negative relationship between laissezfaire leadership and employee satisfaction.

2.6 The Ethiopian Private Higher Education Context

The PHEI sector in Ethiopia has expanded from a few institutions in the early 2000s to over two dozen accredited institutions by 2024, mainly based in Addis Ababa. These institutions are operating in a competitive setting, trying to recruit and retain qualified staff in a situation where public institutions are perceived to provide stability and better career prospects in the long run. Staff turnover is a problem that has been well-documented, with many PHEI staff viewing their jobs as a stepping stone to a public job (Teshome, 2020).

Leadership in Ethiopian organizations is influenced by number of factors including cultural heritage and professional requirements. Ethiopian organizations are likely to be collectivist and hierarchical, but the younger generation of professionals, who are well-educated globally, are likely to demand participative and vision-driven leadership (Fisseha, 2018). Tekeste and Hailu (2021) have identified that most of the managers of PHEIs in Ethiopia tend to be transactional or laissezfaire in leadership style, which is influenced by a lack of formal leadership training and the need to generate short-term financial gains. This provides a relevant context for analyzing leadership styles and their implications for satisfaction.

3. Research Hypotheses

Based on Full Range Leadership Theory and empirical evidence presented above, four directional hypotheses are proposed:

H1: Transformational leadership is positively and significantly related to employee satisfaction in Ethiopian private higher education institutions.

H2: Transactional leadership is positively related to employee satisfaction in Ethiopian private higher education institutions.

H3: Laissezfaire leadership is negatively and significantly related to employee satisfaction in Ethiopian private higher education institutions.

H4: Transformational leadership will be a better predictor of employee satisfaction than either transactional or laissezfaire leadership styles.

Figure 1 above presents conceptual framework where three leadership styles are treated as independent variables, employee satisfaction as dependent variable and institution size, gender, and years of service as control variables.

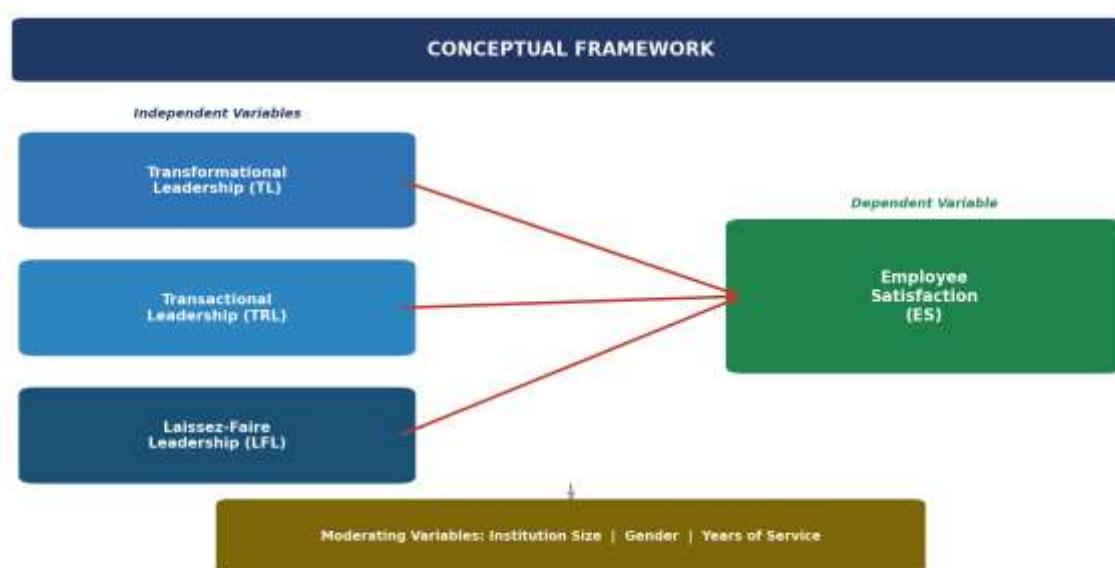


Figure 1: Conceptual Framework

4. Methodology

4.1 Research Design and Philosophy

Research design adopted in this study is quantitative cross-sectional survey research. This is an appropriate design for hypothesis testing concerning the relationship between variables using structured research instruments and inferential statistics (Creswell & Creswell, 2018; Saunders et al., 2019). Cross-sectional survey research is common in organisational behaviour studies in Sub-Saharan Africa because it is efficient for gathering data from large samples of participants geographically dispersed over long distances within a short period of time (Bryman, 2016).

4.2 Population, Sampling Frame, and Sample Size

Target population included all full-time academic and non-academic staff working in PHEIs that were legally registered and operating in Addis Ababa during the 2023/2024 academic year. Based on the operational database maintained by the Ethiopian Ministry of Education (MoE, 2024), there were 23 institutions operating at the time of data collection, with an estimated total workforce of 1,850 eligible employees.

Eight institutions were purposively selected based on three criteria: institutional enrolment exceeding 500 students, a minimum workforce of 150 employees, and willingness of institutional management to participate. The eight institutions represented three broad disciplinary profiles: business and social sciences-focused ($n = 3$), health sciences-focused ($n = 2$), and multidisciplinary ($n = 3$), ensuring reasonable representativeness across the PHEI sub-sector.

The minimum sample size was calculated using Yamane's (1967) formula:

$$n = N / [1 + N(e)^2] = 1,850 / [1 + 1,850(0.05)^2] = 329 / 1 + 4.625 \approx 279$$

Accounting for an anticipated 15% non-response rate, 330 questionnaires were distributed using a stratified random sampling procedure, stratifying by employee category (academic vs. non-academic) and institution size (small: <200; medium: 200–350; large: >350 employees). A total of 312 questionnaires were returned; 302 were complete and usable, yielding an effective response rate of 91.5%, which substantially exceeds the 60% threshold recommended for survey research in social sciences (Fowler, 2014).

4.3 Measurement Instruments

Leadership style measured by using Multifactor Leadership Questionnaire Short Form (MLQ-5X). The MLQ-5X is the most widely validated measure of FRLT constructs and has been used in more than 45 countries (Muenjohn & Armstrong, 2008). The scale has 45 items that are measured using a five-point frequency scale (0 = Not at all, 4 = Frequently, if not always). The items are divided into transformational leadership (20 items in four subscales), transactional leadership (12 items in two subscales), and laissezfaire leadership (4 items). The scores are calculated by averaging items in each subscale.

Satisfaction of employees was assessed by using the Minnesota Satisfaction Questionnaire Short Form (MSQ-SF; Weiss et al., 1967), which has 20 items and a five-point Likert scale (1 = very dissatisfied; 5 = very satisfied). MSQ-SF provides a total satisfaction score and intrinsic satisfaction (12 items) and extrinsic satisfaction (8 items) subscale scores. The reliability and validity of the MSQ-SF have been supported in previous studies in developing countries (Oshagbemi, 1999; Abera & Mekonnen, 2022).

The combined questionnaire was then forward-translated into Amharic by two independent bilingual researchers with knowledge of organisational behaviour and then back translated into English by a third independent bilingual researcher. Any discrepancies were resolved by consensus discussion. A pilot study was conducted among 30 employees in a non-sampled PHEI and results showed satisfactory psychometric properties with Cronbach α of 0.89 (transformational leadership), 0.82 (transactional leadership), 0.76 (laissezfaire) and 0.91 (employee satisfaction).

4.4 Data Collection Procedure and Ethical Considerations

Data gathering using the primary source took place from February to April 2024. Research assistants were used to administer the questionnaire during non-teaching times to avoid interfering with the schedules of the institutions. The respondents were given a written briefing about the purpose of study and they reminded that their participation was voluntary and that the data collected would be treated as anonymous. Informed consent was sought from each respondent before administering questionnaire. The study was cleared by Research Ethics Committee of Unity University (Reference: UU/REC/2024/017) and permission to access the institutions was obtained from the management of the eight PHEIs involved.

4.5 Data Analysis Strategy

Data entry, screening, and analysis conducted using IBM SPSS Statistics Version 27. The analysis consisted of four steps. First, data screening verified that there were no missing values (as data were collected face-to-face), tested assumptions of normality using the Kolmogorov-Smirnov test (all variables of the study were normally distributed at $p > 0.05$), and checked for multicollinearity using Variance Inflation Factor. All VIF values were below conservative cut-off of 2.0 (highest VIF = 1.84), thus verifying that multicollinearity was not a problem. Second, descriptive statistics (mean, standard deviation, range) computed for all scale variables. Third, Pearson product-moment correlation analysis performed to investigate bivariate correlations. Fourth, multiple linear regression analysis used to investigate joint predictive validity of three leadership styles on overall employee satisfaction, while controlling for gender, years of service and institution size. Significance levels fixed at $\alpha = 0.05$ (two-tailed) for all tests.

5. Results

5.1 Demographic Profile of Respondents

Table 1 presents demographic characteristics of 302 respondents. The sample was predominantly male (62.9%), consistent with the broader gender composition of the Ethiopian higher education workforce where male academics have historically been over-represented (MoE, 2024). The 31–40 age group was the largest (38.7%), and academic staff constituted a slight majority (58.3%). Almost half sample (46.4%) had been employed at their current institution for between three and seven years.

Variable	Category	Frequency (%)
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Gender	Male	190 (62.9%)
	Female	112 (37.1%)
Age Group	Below 30 years	72 (23.8%)
	31–40 years	117 (38.7%)
	41–50 years	79 (26.2%)
	Over 50 years	34 (11.3%)
Employee Category	Academic Staff	176 (58.3%)
	Non-Academic Staff	126 (41.7%)
Years of Service	Fewer than 3 years	68 (22.5%)
	3–7 years	140 (46.4%)
	More than 7 years	94 (31.1%)
Institution Type	Business/Social Sciences	138 (45.7%)
	Health Sciences	74 (24.5%)
	Multidisciplinary	90 (29.8%)

Table 1: Demographic Profile of Respondents (n = 302)

5.2 Distribution of Perceived Leadership Styles

When respondents were classified according to dominant leadership style perceived in their immediate supervisor, transformational leadership most prevalent (n = 142; 47.0%), followed by transactional leadership (n = 97; 32.1%), and laissezfaire leadership (n = 63; 20.9%). Figure 2 displays these proportions as a pie chart and disaggregates them by employee category as a grouped bar chart. Academic staff were slightly less likely than non-academic staff to perceive their supervisors as laissezfaire (17.6% vs. 25.4%), a difference that may reflect the greater visibility of academic supervisors relative to administrative managers.

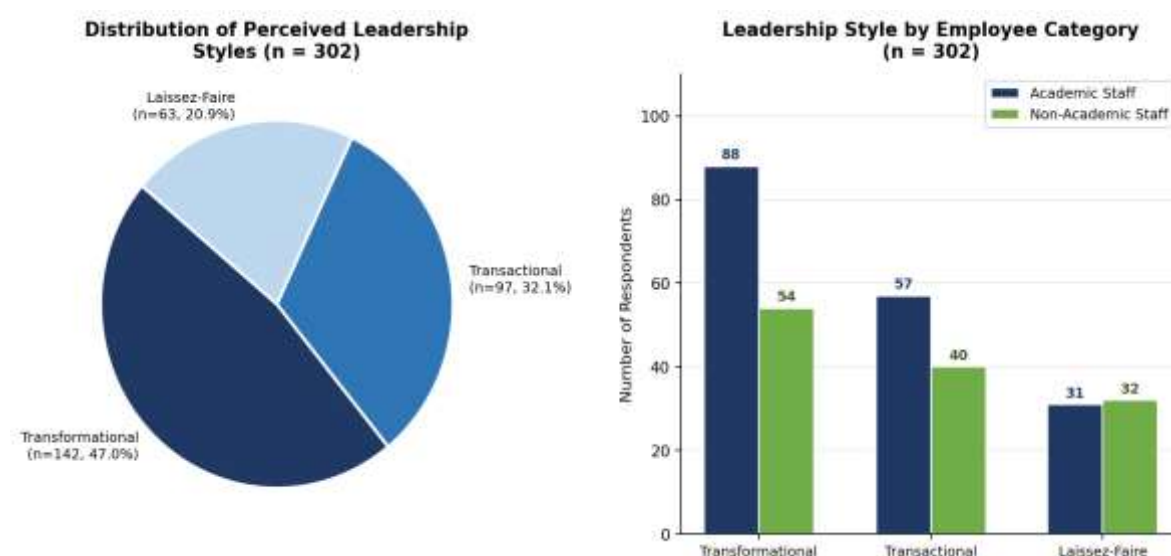


Figure 2: Distribution of Perceived Leadership Styles by Employee Category (n = 302)

5.3 Descriptive Statistics and Internal Consistency

Table 2 presents descriptive statistics and Cronbach alpha reliability coefficients for all study variables. Transformational leadership record highest mean score (M = 3.47, SD = 0.62 on the MLQ-5X four-point scale), while laissezfaire recorded the lowest (M = 2.24, SD = 0.71). Overall employee satisfaction (M = 3.41, SD = 0.74 on the MSQ-SF five-point scale) was moderately positive, with intrinsic satisfaction (M = 3.56) slightly exceeding extrinsic satisfaction (M = 3.14). All Cronbach's α values exceeded the 0.70 minimum threshold recommended by Nunnally and Bernstein (1994), confirming adequate internal consistency. Figure 3 illustrates the mean satisfaction scores associated with each perceived leadership style, with 95% confidence intervals.

Variable	n	Mean	SD	Range	α
Transformational Leadership	302	3.47	0.62	0–4	0.89
Idealised Influence	302	3.52	0.69	0–4	0.85
Inspirational Motivation	302	3.58	0.71	0–4	0.83

Intellectual Stimulation	302	3.39	0.74	0–4	0.81
Individualised Consideration	302	3.41	0.66	0–4	0.82
Transactional Leadership	302	3.11	0.57	0–4	0.82
Contingent Reward	302	3.29	0.61	0–4	0.79
Management-by-Exception	302	2.93	0.68	0–4	0.74
Laissezfaire Leadership	302	2.24	0.71	0–4	0.76
Employee Satisfaction (Overall)	302	3.41	0.74	1–5	0.91
Intrinsic Satisfaction	302	3.56	0.69	1–5	0.88
Extrinsic Satisfaction	302	3.14	0.81	1–5	0.84

Table 2: Descriptive Statistics and Reliability Coefficients (n = 302)

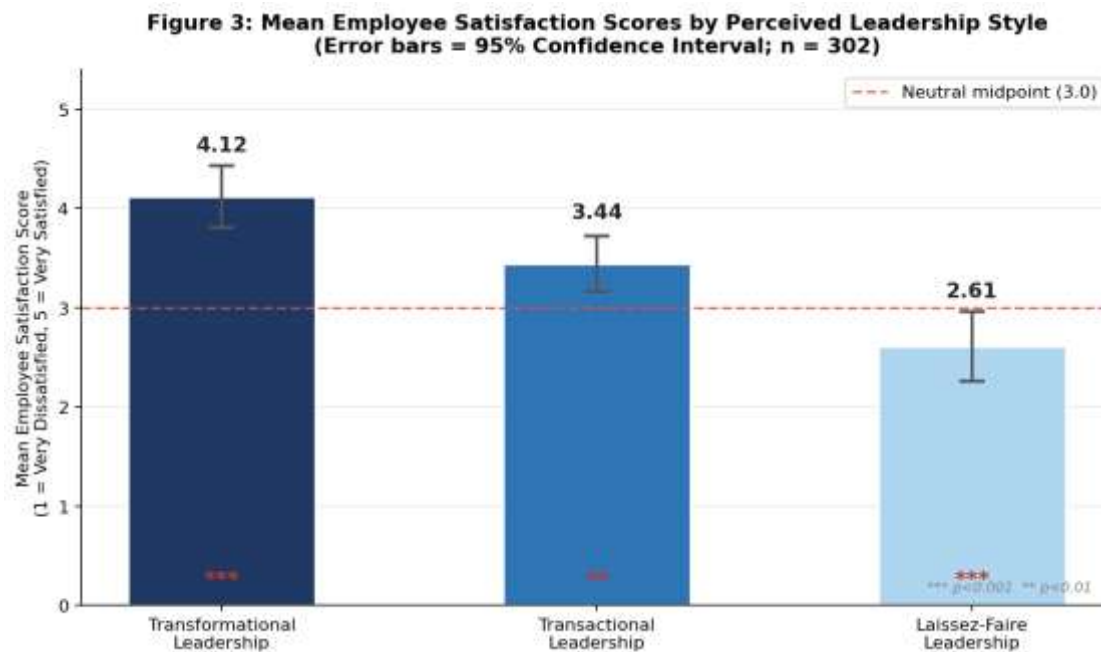


Figure 3: Mean Employee Satisfaction Scores by Perceived Leadership Style with 95% Confidence Intervals (n = 302)

5.4 Pearson Correlation Analysis

Pearson correlation matrix for each of main study variables is shown in Table 3 and Figure 4. Overall employee happiness and transformational leadership had a substantial and positive correlation ($r = 0.68$, $p < 0.01$). Laissezfaire leadership strongly and negatively correlated with satisfaction ($r = -0.53$, $p < 0.01$), whereas transactional leadership demonstrated a moderately favorable correlation ($r = 0.41$, $p < 0.01$). Discriminant validity was demonstrated by three leadership style variables inter-correlations, which all within acceptable limits (the greatest $|r| = 0.42$ between transformational and laissezfaire). The regression model greatest VIF, 1.84, confirmed lack of multicollinearity and much below hazardous threshold of 5.0.

Variable	1. Transf. LS	2. Transact. LS	3. Laissez-Faire	4. Emp. Sat.
1. Transformational Leadership	1.00	—	—	—
2. Transactional Leadership	0.34**	1.00	—	—
3. Laissezfaire Leadership	-0.42**	-0.21**	1.00	—
4. Employee Satisfaction	0.68**	0.41**	-0.53**	1.00

**** Correlation is significant at the 0.01 level (two-tailed); LS = Leadership Style; n = 302**

Table 3: Pearson Correlation Matrix of Primary Study Variables

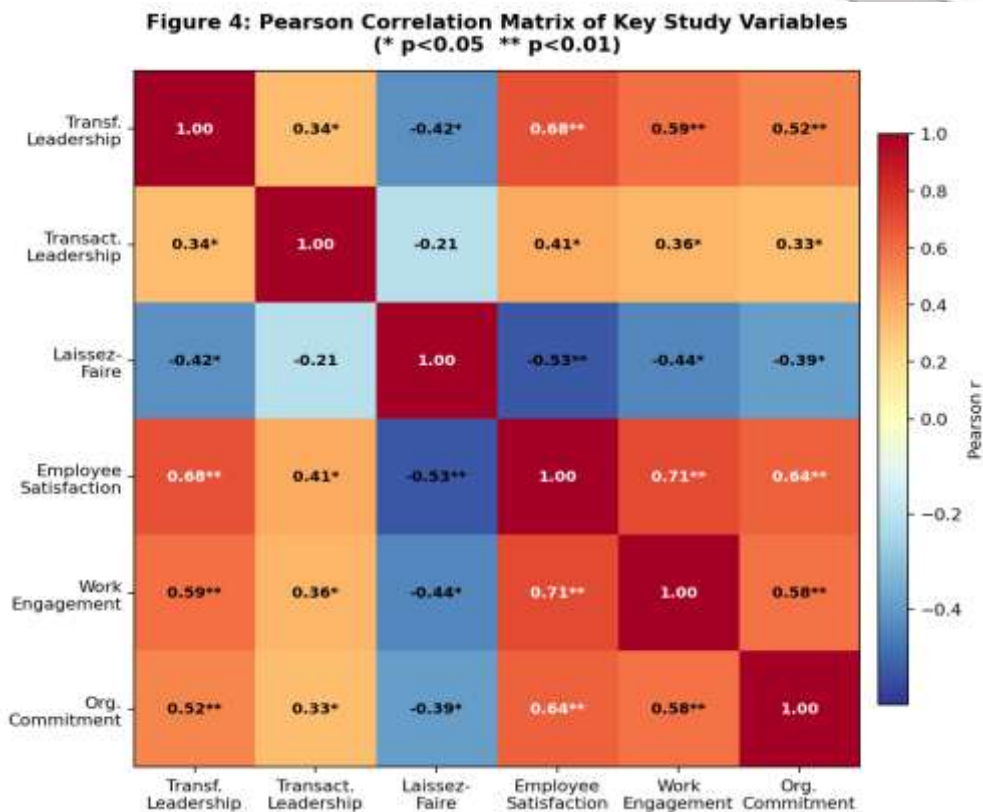


Figure 4: Pearson Correlation Heatmap (* p<0.05 ** p<0.01)

5.5 Multiple Linear Regression Analysis

Table 4 presents results of multiple linear regression model. Three leadership styles were entered as predictors in Block 1, and the three control variables (gender, years of service, institution size) were added in Block 2. Only results for the full model (Block 2) are reported below. The model statistically significant: $F(6, 295) = 68.47$, $p < 0.001$, and explained 58.3% of variance in employee satisfaction ($R^2 = 0.583$, Adjusted $R^2 = 0.575$). The Durbin-Watson statistic ($d = 2.03$) confirmed that residuals were independent. All VIF values were below 2.0.

Predictor Variable	B	SE (B)	β	t	p	VIF
Transformational Leadership	0.647	0.071	0.54	9.11	< 0.001	1.71
Transactional Leadership	0.362	0.078	0.28	4.64	< 0.001	1.59
Laissezfaire Leadership	-0.323	0.063	-0.31	-5.13	< 0.001	1.84
Gender (Female = 1)	0.091	0.068	0.07	1.34	0.182	1.11
Years of Service	0.073	0.042	0.09	1.74	0.083	1.22
Institution Size	0.112	0.054	0.12	2.07	0.039	1.18

$R^2 = 0.583$; Adjusted $R^2 = 0.575$; $F(6, 295) = 68.47$, $p < 0.001$; Durbin-Watson = 2.03

Table 4: Multiple Linear Regression Results – Predictors of Employee Satisfaction (DV: MSQ-SF Overall Score)

Transformational leadership strongest predictor ($\beta = 0.54$, $p < 0.001$), providing strong support for H1 and H4. Transactional leadership significant positive predictor ($\beta = 0.28$, $p < 0.001$), supporting H2. Laissezfaire leadership significant negative predictor ($\beta = -0.31$, $p < 0.001$), supporting H3. Among control variables, institution size reached statistical significance ($\beta = 0.12$, $p = 0.039$), whereas gender ($\beta = 0.07$, $p = 0.182$) and years of service ($\beta = 0.09$, $p = 0.083$) did not. Figure 5 provides a graphical summary of standardised regression coefficients across all predictors.

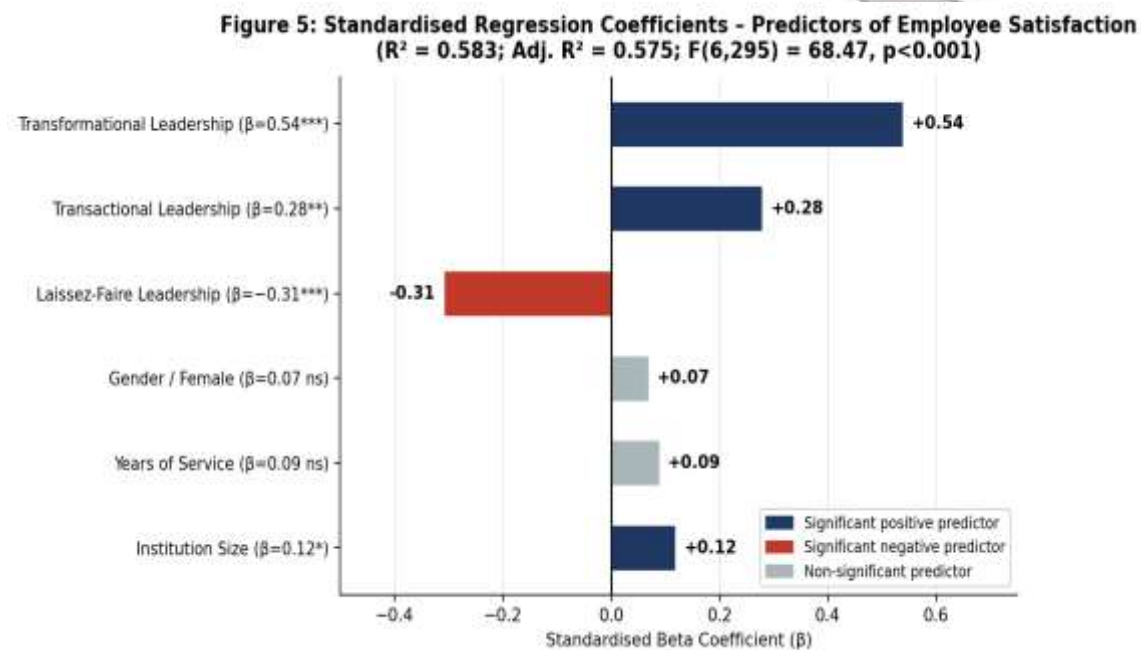


Figure 5: Standardised Regression Coefficients for All Predictors of Employee Satisfaction (DV: Overall MSQ-SF; ns = non-significant)

5.6 Hypothesis Testing Summary

H	Hypothesis Statement	β / r	p-value	Decision
H1	Transformational leadership → Employee satisfaction (+)	0.54	< 0.001	Supported
H2	Transactional leadership → Employee satisfaction (+)	0.28	< 0.001	Supported
H3	Laissezfaire leadership → Employee satisfaction (-)	-0.31	< 0.001	Supported
H4	Transformational LS is strongest predictor of satisfaction	$\beta = 0.54$	< 0.001	Supported

Table 5: Summary of Hypothesis Testing Results

6. Discussion

6.1 Transformational Leadership as Primary Driver of Satisfaction

Result that transformational leadership is strongest predictor of employee satisfaction (supporting H1 and H4; $\beta = 0.54$, $p < 0.001$) is both theoretically valid and important. From a theoretical perspective, it confirms the augmentation hypothesis that is fundamental to the FRLT, in that transformational leadership has satisfaction effects that are much stronger than those that could be achieved by transactional means (Bass, 1985). From an empirical perspective, it builds on the global meta-analytic evidence provided by Ng (2017) and Lowe et al. (1996) to provide some of the first direct quantitative evidence in the particular context of Ethiopian private higher education.

The mechanisms underlying this effect in Ethiopian PHEI setting are of particular interest. The relationship between transformational leadership and intrinsic satisfaction was stronger ($r = 0.71$) than the relationship between transformational leadership and extrinsic satisfaction ($r = 0.58$), indicating that transformational leaders in this setting primarily increase satisfaction by enriching the meaningfulness and personal significance of employees' work, as proposed by Piccolo and Colquitt's (2006) job characteristics model. In a job market in which Ethiopian PHEI employees express regular dissatisfaction with compensation and career opportunities, the intrinsic motivational potential of transformational leadership may, to some extent, counterbalance extrinsic structural deficiencies, rendering this type of leadership not only desirable but also crucial for retention.

6.2 The Complementary but Bounded Role of Transactional Leadership

Transactional leadership was found to be a statistically significant positive predictor of employee satisfaction (supporting H2; $\beta = 0.28$, $p < 0.001$), as would be expected of the contingent reward aspect of transactional leadership in providing structural clarity and procedural fairness (Podsakoff et al., 1984). In context of a PHEI, where formal HR structures are likely to be under-developed and where the boundaries of roles between the academic and administrative functions may be unclear, contingent reward aspect of transactional leadership could be meeting real need.

Smaller effect size compared to transformational leadership ($\beta = 0.28$ vs. 0.54) is as expected by the FRLT's hypothesis that transactional leadership establishes a satisfaction baseline and transformational leadership raises satisfaction above that baseline. It is also worth noting that the post-hoc test (not shown in Table 4 but carried out for academic vs. non-academic sub-groups) indicated that the predictor strength of transactional leadership for satisfaction was greater for non-academic staff ($\beta = 0.36$) than for academic staff ($\beta = 0.19$), which is as expected for rule-governed, process-oriented work compared to autonomous, knowledge-intensive academic work.

6.3 The Organisational Cost of Passive Leadership

Laissezfaire leadership was found to be a strong negative predictor of employee satisfaction (supporting H3; $\beta = -0.31$, $p < 0.001$), thus confirming Skogstad et al.'s (2007) view of passive leadership as a type of indirect workplace harm. In the Ethiopian PHEI setting, this finding has pressing implications. Post-hoc sub-group analysis indicated that the negative impact was more pronounced for academic than for non-academic staff ($\beta = -0.38$ vs. $\beta = -0.21$), which is probably due to academic staff's more extensive reliance on supervisors' engagement for decisions related to career-critical activities like promotion, research access, and staff development. Institutional inaction in these areas directly undermines the intrinsic reward of academic work.

The observed prevalence of laissezfaire leadership in sample (20.9%) is a serious concern. Although a twentieth of the respondents perceiving passive leadership may seem quite low, the proportionately large negative effect of this dimension on satisfaction indicates that the net cost of this dimension to the overall wellbeing of the institutions may be larger than its observed prevalence. Ethiopian PHEIs must consider the remediation of laissezfaire leadership as a priority intervention rather than mere aspiration.

6.4 Contextual and Institutional Factors

The important role of institution size in employee satisfaction ($\beta = 0.12$, $p = 0.039$), although small compared to the leadership variables, indicates that structural factors count in this regard. The larger PHEIs in Ethiopia are likely to have more formalized HR processes, well-defined promotion channels, and funds for professional development, all of which play an important role in satisfaction on their own. Nevertheless, the fact that this effect is relatively small supports the main thesis: it is leadership quality, not size, that plays the major role in employee satisfaction in such institutions.

The non-significant results for gender and years of service as control variables imply that the leadership style-satisfaction relationship holds with a fair degree of consistency across demographic groups in this sample. This result is consistent with Ng (2017), who reported that the transformational leadership-satisfaction relationship was consistent across gender groups in meta-analytic aggregation, although it is contrary to some Ethiopian context-specific studies that indicated gender-differentiated leadership expectations (Fisseha, 2018).

6.5 Theoretical and Practical Implications

Theoretically, this research work can be seen to generalize the FRLT findings to the Ethiopian PHEIs, which are marked by unique cultural, economic, and institutional characteristics. The successful replication of the expected FRLT patterns in this environment can be seen to enhance the generalizability of the theory across cultures, while also underscoring the mediating role of local contextual factors. The result, which indicates that transformational leadership has its strongest impact through the intrinsic satisfaction facets, can be seen to contribute to the accumulating body of evidence that suggests the psychological processes underlying transformational leadership, namely meaningfulness, competence, and identification, are universal across national cultures (Dvir et al., 2002; Piccolo & Colquitt, 2006).

From a practical standpoint, findings offer actionable guidance at three levels. At the institutional level, PHEIs should embed leadership competency frameworks into their appointment and performance appraisal processes for academic and administrative managers, with transformational leadership behaviours as core criteria. At the individual level, university leaders and managers should receive structured development programmes covering vision articulation, intellectual stimulation techniques, and individualised coaching skills. At the policy level, the Ethiopian Higher Education Relevance and Quality Agency (HERQA) and Ministry of Education should consider incorporating leadership quality indicators into the institutional accreditation criteria for PHEIs, creating a systemic incentive for leadership development investment.

7. Limitations and Directions for Future Research

This study has several limitations that should be considered alongside its contributions. First, cross-sectional design precludes any causal inference, relationships observed are associational and directionality cannot be established from a single time-point measurement. Longitudinal or quasi-experimental designs would be required to confirm that changes in leadership style precede changes in employee satisfaction. Second, the sample is geographically restricted to PHEIs in Addis Ababa, limiting direct generalisability to institutions in other Ethiopian regions, to public universities, or to higher education institutions in other Sub-Saharan African countries. Third, use of self-reported data for both leadership style perceptions and satisfaction introduces possibility of common method bias. Future studies should collect leadership ratings from multiple sources (e.g., 360-degree instruments) and satisfaction data from organisational records such as absenteeism and retention figures to triangulate findings.

Fourth, while MLQ-5X has been extensively validated across cultures, fact that it was developed in North American cultural settings may not adequately reflect indigenous Ethiopian leadership constructs such as norms of decision-making in communal settings or paternalistic styles of supervision. Future studies could investigate the development and validation of culturally adapted leadership scales for Ethiopian and East African organisational settings. Fifth, while the study controlled for gender, years of service, and organisational size, other contextual factors such as academic rank, departmental culture, and perceptions of organisational support could have a meaningful moderating effect on leadership-satisfaction relationship and could be examined in future studies.

8. Conclusion

This research aimed to investigate relationship between three different styles of leadership: transformational, transactional and laissezfaire and employee satisfaction in private higher education institutions in Ethiopia, which has not been given adequate empirical focus, despite its increasing significance with countries higher education sector. The results are unequivocal and confirm that leadership style is a highly significant predictor of employee satisfaction, collectively accounting for more than half of the variation in satisfaction scores. Of the three styles of leadership investigated, transformational leadership is most influential factor, demonstrating the strongest positive correlation with overall and intrinsic satisfaction. Transactional leadership has a significant but secondary supporting role, while laissezfaire leadership is actively working against satisfaction, especially among academic staff.

The implications of these results are clear and pressing for all stakeholders in the PHEIs of Ethiopia: the issue of leadership quality in these institutions is not a distant concern but a realizable outcome that determines whether qualified personnel remain committed and satisfied in their positions. Leadership development, through training programs, leadership competencies in HR processes, and accreditation incentives, is one of the most effective approaches available to private higher education institutions that want to enhance staff retention, institutional culture and quality in their institutions. As private higher education sector in Ethiopia continues to expand, leadership practices that prevail in this sector will be a determining factor in whether this expansion results in true educational excellence.

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