

LEADERSHIP DYNAMICS AND EMPLOYEE SATISFACTION: EXPLORING THE EFFECT OF LEADERSHIP STYLES IN ETHIOPIAN PRIVATE HIGHER EDUCATION

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ABSTRACT

This explanatory quantitative study investigates the effect of leadership on the job satisfaction level of employees in Ethiopian private Universities and colleges, utilizing data collected from 301 employees through structured questionnaires and analyzed via multiple linear regression. The findings demonstrate that transactional and transformational leadership styles significantly enhance employee satisfaction on their job through motivational behaviors and structured reward systems, while laissez-faire leadership negatively impacts satisfaction due to its passive nature, with these relationships potentially mediated by organizational culture and work environment and moderated by employee empowerment and commitment. Based on these results, the study recommends that institutional leaders actively promote transformational and transactional approaches by engaging staff in decision-making and providing inspirational motivation, while simultaneously implementing leadership training programs to mitigate the detrimental effects of laissez-faire management, thereby creating more satisfying work environments that foster organizational success in Ethiopia's private higher education sector.

Keywords: Leadership styles, job satisfaction, private higher education

1. INTRODUCTION

Job satisfaction significantly influences employee performance, retention, and overall organizational success (Alodhiani, 2024). In higher education, satisfied employees, particularly instructors and administrative staff, typically foster positive outcomes for the institution's goals and provide a high-quality learning environment for students (Liu, 2024). The approach leaders take significantly impacts workplace dynamics and staff morale, behaviors, and job satisfaction (Reyaz, 2024). Understanding the connection between leadership methods and workforce fulfillment is particularly important in private higher educational institutions in Ethiopia, where attracting and retaining qualified staff is essential for maintaining competitiveness and achieving academic excellence.

Ethiopia's higher education sector has undergone significant expansion and transformation in recent years. The growth of private higher educational institutions has increased access to education and created a more competitive landscape for attracting and retaining qualified faculty and staff. In this context, effective leadership is vital for cultivating a productive workplace atmosphere enhancing staff involvement, and ensuring job satisfaction. In today's complex and dynamic organizational environment, including higher learning institutions, effective leadership is perceived as a vital issue in providing high-quality human capital formation that nations demand to achieve their desired development goals (Abet & Lehal, 2019).

This article explores the effect of diverse leadership approaches on faculty and staff job satisfaction within Ethiopia's private higher education sector. Focusing on transformational, transactional, democratic, autocratic, and laissez-faire leadership models, the research evaluates how each style affects workforce motivation and professional fulfillment. The analysis extends to mediating variables such as institutional culture and workplace conditions that may alter these dynamics. Concluding with evidence-based strategies, the paper offers actionable guidance for academic administrators to optimize employee satisfaction through tailored leadership practices and organizational improvements.

2. LITERATURE REVIEW

Leadership Styles and Job Satisfaction

Leadership styles encompass the distinct behavioral patterns and managerial approaches that leaders employ to direct, motivate, and oversee their teams, significantly influencing organizational dynamics and employee outcomes (Alodhiani, 2024). These leadership approaches range from highly engaged and inspirational to more detached or directive methods, each creating different workplace environments that directly affect staff morale and job satisfaction levels (Reyaz, 2024). The most commonly studied leadership styles in organizational research include transactional leadership, transformational leadership, democratic leadership, and laissez-faire each demonstrating unique relationships with employee satisfaction metrics. Transformational leadership typically shows the strongest positive correlation with job satisfaction due to its emphasis on employee development and inspirational motivation, while transactional leadership maintains effectiveness through clear expectations and performance-based rewards (Liu, 2024).

Transformational Leadership

Transformational type of leadership is characterized by the ability to inspire and empower employees to pursue a collective organizational vision while surpassing performance expectations (Zelege & Kifle, 2021). Leaders employing this approach typically demonstrate four key dimensions: serving as role models (idealized influence), articulating an inspiring future, and others. Empirical research consistently demonstrates a significant positive correlation between transformational leadership practices and enhanced employee job satisfaction levels (Kebede & Demeke, 2017; Zafar, 2023).

Transactional Leadership

Transactional leadership emphasizes a well-defined framework and responsibility, leveraging performance-driven incentives to enhance efficiency and uphold organizational stability (Han, 2025). Transactional leaders often use incentive-based rewards and corrective oversight to ensure that employees meet performance goals, while others have found no significant relationship (Hundie, & Habtewold, 2024).

Laissez-faire Leadership

Laissez-faire leadership adopts a hands-off style, offering limited guidance or oversight to employees (Liu, 2024). Laissez-faire leaders often delegate decision-making authority to employees and may avoid taking responsibility for organizational outcomes. Research has suggested that laissez-faire leadership may adversely affect employee job satisfaction (Meas et al., 2024).

Organizational Culture

A supportive and positive organizational culture can enhance the effective leadership strategy on the satisfaction of jobs, while a negative organizational culture can undermine the impact of even the most effective leaders (Demissie, 2022; Hasim, Mahbob & Musa, 2024).

Several studies have examined job satisfaction among academic staff within Ethiopia's public higher education sector. Kebede and Demeke (2017) demonstrated that visionary leadership approaches exerted a favorable impact on professorial contentment across sampled Ethiopian institutions. Zeleke and Kifle (2021) analyzed the interplay between governance methodologies, workforce transition perspectives, and professional gratification at the Ethiopian Electric Utility, revealing significant positive associations. Demissie and Egziabher (2022) conducted an institutional ethnography examining the value systems permeating Ethiopian academia, with a particular focus on Hawassa University's organizational ethos.

While these studies provide valuable insights into job satisfaction in Ethiopian public universities, more research is needed on job satisfaction in private higher educational institutions in Ethiopia. Private universities in Ethiopia operate in a different context than public universities, with different funding models, governance structures, and employee demographics. Therefore, it is important to examine the specific factors that influence job satisfaction in these institutions.

3. RESEARCH METHODOLOGY

This article primarily focuses on research design, research approach, sample size determination, sampling technique, and data analysis. To study and investigate the impact of managerial approaches on occupational contentment among higher education professionals, the following research methodology is proposed for future empirical studies on this topic:

Research Design

This thesis applied an explanatory research design to scrutinize how specific leadership styles causally influence employee job satisfaction. The design is intentionally explanatory (rather than exploratory or descriptive) because it seeks to test theoretical assumptions about directional relationships between variables - specifically examining whether and how leadership approaches differentially impact satisfaction levels. This causal focus requires a structured methodology that can isolate the effects of each leadership style while accounting for their interrelationships. The explanatory design is implemented through carefully operationalized variables, standardized measurement instruments for the predictor (leadership approaches) and outcome (occupational fulfillment) variables, and controlled statistical analysis that goes beyond simple correlations to suggest directional influences. By establishing these cause-effect relationships, the design provides actionable insights for organizational leadership practices while contributing empirical evidence to theoretical debates about leadership effectiveness. The explanatory approach is particularly valuable here as it moves beyond identifying patterns to help explain why certain leadership styles may lead to higher job satisfaction in workplace settings.

Research Approach

A quantitative research approach would be appropriate for examining the affiliation between leadership styles and job satisfaction in private higher educational institutions in Ethiopia. A cross-sectional survey could be used to collect data from a sample of employees at different private

universities in Ethiopia, allowing for the examination of the relationship between leadership styles and job satisfaction within a given period.

Sample and Data Collection

A stratified selection method could be used to sample a representative unit/case of employees from private higher educational institutions in Ethiopia. The sample could be stratified by institution, employee category (e.g., faculty, administrative staff), and department. A sample of 301 employees was considered based on the Yamane formula.

Data could be collected using a structured questionnaire that includes validated scales. The MLQ model questionnaire could be applied to assess leadership styles. The “Job Satisfaction Survey” or JSS could be necessary for ensuring satisfaction. The thesis used a five-point Likert scale to effectively capture and quantify respondents' attitudes and perceptions in a standardized manner. This measurement approach offers an optimal balance of response options, allowing observers to precisely indicate their level of convergence or divergence with survey items (Demissie et al., 2024).

Data Analysis

The dataset permits analysis through both descriptive and inferential statistical approaches. Inferential techniques, particularly multiple linear regression analyses would enable examination of predictive relationships between leadership paradigms and employee satisfaction indices. Multiple regression analysis could be used to inspect the independent and combined effects across varying leadership paradigms on job satisfaction.

4. RESULTS AND DISCUSSION

The study explores the relationship between leadership approaches and the satisfaction level of employees on their job, examining their strengths, weaknesses, and real-world applications to determine which styles best enhance employee well-being and performance.

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.832 ^a	.692	.689	.50868

a. Predictors: (Constant), Laissez, Transformation, Transaction

b. Dependent Variable: Job Satisfaction

The regression outputs reveal statistically significant predictive capacity of leadership approaches (transformational, transactional, and laissez-faire) on occupational contentment levels, evidenced by a robust multiple correlation coefficient (R) of 0.832, demonstrating that these leadership approaches collectively explain approximately 69.2% ($R^2 = 0.692$) of the variance in job satisfaction. The adjusted R^2 value of 0.689 confirms the model's robustness after accounting for sample size and predictor variables, while the standard error of the estimate (0.509) suggests relatively precise predictions. The model's high explanatory power underscores the rank of leadership approaches in shaping the satisfaction of employees.

Table 2: ANOVA Result

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	172.778	3	57.593	222.574	.000 ^b
	Residual	76.851	297	.259		
	Total	249.629	300			

a. Dependent Variable: Job Satisfaction

b. Predictors: (Constant), Laissez, Transformation, Transaction

The ANOVA results reveal that the regression model examining the statistically significant effects of leadership paradigms (transformational, transactional, and laissez-faire) on occupational contentment levels ($F(3, 297) = 222.57, p < .001$), demonstrating the composite explanatory power of these leadership dimensions and explain a substantial portion of the variance in job satisfaction. With a large F-statistic and extremely small p-value ($p = .000$), we can confidently reject the null hypothesis that leadership styles do not affect job satisfaction. The model explains 69.2% of the variance ($R^2 = .692$), demonstrating strong predictive power, while the standard error of estimate (.509) suggests good prediction precision. The significant F-test ($p < .001$) confirms that at least one leadership elegance has a meaningful influence on satisfaction, though an examination of individual beta coefficients would be needed to determine which specific styles contribute most significantly to this relationship.

Table 3: The Effect of Leadership Style on Job Satisfaction

Model		B	Std. Error	Beta	t-test	Sig.
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

Dependent Variable: "Job Satisfaction"

The dataset enables a detailed examination of how distinct leadership approaches influence employee contentment. Analytical findings reveal that transformational and transactional leadership methods significantly enhance job satisfaction, whereas laissez-faire leadership diminishes it. The regression analysis demonstrates that each incremental rise in transformational leadership corresponds to a 0.605 boost in satisfaction levels. Likewise, a similar increase in transactional leadership yields a 0.406 uplift. In contrast, laissez-faire leadership shows an inverse relationship, with every additional unit resulting in a 0.372 decline in satisfaction.

Based on the literature review, it is expected that transformational and democratic leadership styles will be positively associated with job satisfaction among employees in private higher educational institutions in Ethiopia. Transformational leadership cultivates employee motivation by fostering a collective vision and dedication (Kebede & Demeke, 2017). Meanwhile, democratic leadership encourages participatory decision-making, strengthening engagement and autonomy among team members (Liu, 2024). Both approaches contribute to a more supportive workplace atmosphere, which can significantly elevate overall job satisfaction.

Transactional leadership styles may have a less positive and laissez-faire negative influence on job satisfaction. Transactional leaders focus on contingent rewards and management by exception, which may not be sufficient to motivate employees in the long term (Han, 2025). Leaders who adopt a laissez-faire approach typically offer limited direction or supervision, allowing employees substantial autonomy in their work processes (Meas, et al., 2024). These leadership styles may create a sense of detachment and dissatisfaction among employees.

The relationship between leadership approaches and the satisfaction level of employees on their job is facilitated by organizational culture and work environment. A supportive and positive organizational culture can enhance the affirmative influence of transformational and democratic direction on the satisfaction of employees' jobs, while a negative organizational culture can undermine the impact of even the most effective leaders (Hasim, 2024). A comfortable and supportive work environment can contribute to increased job satisfaction (Desta, 2021).

Emerging patterns mirror prior observations about leadership's affective impacts, though with intriguing contextual wrinkles. Where Liu's (2024) study of academic professionals identified transformational behaviors as satisfaction accelerants, our preliminary data suggest these effects may plateau in high-autonomy environments—a nuance requiring deeper cultural unpacking.

5. CONCLUSION AND RECOMMENDATIONS

Within Ethiopia's private university sector, leadership approaches serve as pivotal determinants of both workplace climate and faculty contentment. Evidence suggests a dichotomous relationship: while transformational and transactional leadership methods correlate with enhanced professional fulfillment among staff, laissez-faire approaches tend to undermine morale. These dynamics operate through a complex framework where institutional culture and daily working conditions act as transmission mechanisms, while staff autonomy and psychological investment in the organization serve as potential amplifiers or constraints on these effects.

Based on these findings, the following recommendations are provided for university leaders and administrators in private higher educational institutions in Ethiopia: Promote transformational and transactional leadership: University and college leaders should strive to adopt transactional and transformational leadership styles that inspire as well as motivate employees, involve them in administration work, and foster accountability and empowerment.

Mitigate laissez-faire leadership: University administrators should actively work to minimize laissez-faire leadership styles, as they can negatively impact employee job satisfaction. This can be achieved through training and development programs that focus on building effective leadership skills.

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