

**The Effect of Transformational and Transactional Leadership  
on Job Satisfaction among Employees of Service Companies in Handan  
City, China**

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**Thesis Submitted to  
Othman Yeop Abdullah Graduate School of Business,  
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in Partial Fulfillment of the Requirement for the Human Resource Management**

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## ABSTRACT

Leadership style is important to employees' job satisfaction. This study aims to examine the effect of leadership style on employees' job satisfaction among service companies of Handan City in China. The questionnaires were firstly designed to collect data from the three service companies, namely hotel, travel agency and insurance companies. The 60 respondents who were employed in these service companies were selected as samples in this study. There were two independent variables which were transactional leadership and transformational leadership. Meanwhile, job satisfaction was selected as dependent variable. By using SPSS 19.0 version, the Reliability Test and Pearson Correlation test were firstly conducted to determine the relationship between independent variables and dependent variable. Then, the Multiple Regression analysis was conducted to determine the effect of leadership style, namely transactional leadership and transformational leadership, on job satisfaction respectively. The results revealed that both transactional leadership and transformational leadership were found to be positively related to job satisfaction of employees. In addition, the study also examined the intermediate effects of gender and age on job satisfaction. The results showed that the effects of gender and age were no significant on job satisfaction, implying they had no difference between gender and age on job satisfaction. The study has strategic implications that the managers should pay attention to leadership style to improve employees' job satisfaction, which would contribute to the sustainable growth of service companies. In conclusion, the research could provide guideline to design policies on how to improve employees' job satisfaction.

**Keywords:** transactional leadership, transformational leadership, job satisfaction, multiple regression

## ABSTRAK

Gaya kepimpinan adalah penting untuk tahap kepuasan kerja pekerja. Kajian ini bertujuan untuk mengkaji kesan gaya kepimpinan terhadap tahap kepuasan kerja pekerja dalam kalangan syarikat perkhidmatan handan cityin china. Satu soal selidik telah dibentuk untuk mengumpul data dari tiga jenis syarikat perkhidmatan iaitu syarikat perkhidmatan hotel, agensi pelancongan dan syariakt insuran. Seramai 60 orang responden telah dipilih sebagai sampel dari tiga syarikat berkenaan. Terdapat dua pembolehubah bebas iaitu gaya kepimpinan transaksi dan gaya kepimpinan transformational. Manakala, tahap kepuasan dipilih sebagai pemboleh bersandar. Dengan menggunakan aplikasi SPSS versi 19.0, ujian kebolehpercayaan dan ujian korelasi Pearson telah dijalankan untuk menentukan hubungan diantara pembolehubah bebas dan pembolehubah bersandar. Seterusnya, analisis regresi berganda telah dijalankan bagi menentukan kesan gaya kepimpinan iaitu kepimpinan transaksi dan kepimpinan transformasional terhadap tahap kepuasan kerja pekerja. Keputusan dari ujian ini menunjukkan bahawa kedua-dua kepimpinan transaksi dan kepimpinan tranformasional mempunyai hubungan positif terhadap tahap kepuasan kerja pekerja. Disamping itu, kajian ini juga mengkaji kesan pertengahan jantina dan umur terhadap tahap kepuasan kerja pekerja. Hasil kajian menunjukkan bahawa faktor jantina dan umur tidak mempengaruhi tahap kepuasan kerja pekerja. Implikasi strategik dari kajian ini adalah pengurus perlu memberi perhatian terhadap gaya kepimpinan mereka bagi meningkatkan tahap kepuasan kerja pekerja, yang mana ianya akan menyumbang kepada perkembangan perkhidmatan syarikat. Kesimpulannya kajian ini dapat memberi garis panduan yang lebih jelas dalam membentuk dasar untuk meningkatkan tahap kepuasan kerja pekerja.

**Kata kunci :** kepimpinan transaksi, kepimpinan transformasional , kepuasan kerja, regresi pelbagai

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

Leadership is one of the most important issues in the management arena. It cannot be denied that the study of leadership is meaningful in the development of organization specifically and society generally. In organization, leaders' role is extremely vital. They confront many difficulties inside their organizations, particularly in developing to become good quality and productive workers. Good quality workers, in this regard, can be a prerequisite in establishing good human capital which will positively contribute to the development and achievement of the organization. Good quality workers, both in soft and hard skills could easily understand the mission and vision of the organization. Hence, it is easier for the leaders to lead them towards achieving the organization's goals.

As indicated by Luthans and Avolio (2003), 'You can drag a horse to water however you cannot make it drink unless it is parched'. The reflection of this quotation is that it is not easy to make people to follow what a person (that is a leader) wants them to do, unless there is something that cause them (people) think that they need to do so (in this regard, to follow leader's wishes or order). Accordingly, a study to comprehend individual's characteristic or personality and his or her potential leadership style is essential to be conducted in organization setting.

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The capacity of moving the subordinates, empowering them and developing their feeling of responsibility are some of leader's key missions (Rukmani, Ramesh, & Jayakrishnan, 2010). Apart from that, in this turbulent situation, ever changing and volatile environment, leadership effectiveness should be a paramount concern by the organization. Competent leader is needed to cope with this uncertainty surrounding in which due to his or her innovativeness and strategic thinking, he or she is able to make an appropriate adjustment or change so that it could suit or meet the requirement of this current surrounding. Thus, the conflict that may arise between the flow or direction of his or her organization and this surrounding could be reduced or avoided. Subsequently, this leader is able to make his or her organization to gain competitive edge.

Examining the implications of leadership styles on employees' job satisfaction is another aspect which should not be ignored by the organization. Psychological phenomenon of job satisfaction among employees could somehow contribute to good human capital as mentioned above. Roach and Behling (1984), argue that leadership as the procedure of affecting and arranging employees to achieve organizational objectives. Gerald Davis and Michael (2002) in their book: Accountability Leadership, characterizes leadership as a definitive appearance of human flexible capacity. Leadership is a crucial discussion topic in contemporary society where their power is acknowledged. This is a kind of power enable to leaders to create, think and nurture adaptive organizations.

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As indicated by Yukl (1994), the definition of leadership development is a social process. It includes identify leaders, deciding the group and organization's targets, empowering conduct in quest for these destinations, and strong group unity and organization culture (Erkutlu, 2008). Leadership can be characterized as the capacity to move certainty and help individuals to accomplish organizational objectives (Dubrin, 2007)

## **1.2 Background of Study**

The research about leadership in service industry views that leadership practices have a strong relationship with the organizational performance. Adaptability, effectiveness, adequacy and harmony are related to organizational leadership. Good leadership capacity is more likely to improve performance level and to draw the organization's workers to give their best. Conversely, ineffective leadership will restrict the organization performance (Andrews & Boyne, 2010). According to Mosadragh(2003), the human capital is one of the most important aspects which need to be given due consideration in order to the management to manage its organization easily, effectively and profitably. Moreover, Cumming, Macgregor, and Davey (2011), state that traditional leadership that is only concerned with output or profit of the company, while ignoring employees' feelings, will fail to gain the best efforts from employees.

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Organizational leadership is one of the most important elements for employees management (Albion & Gagliardi, 2007). Lu, While and Barriball (2007) stated that job satisfaction as a positive passionate state coming about from the assessment of worker's work or work experience. Bushra, Usman and Naveed (2011) indicated that job satisfaction helps to make positive attitude for employees, helps to enhance their morals, improves their performance and develop a good relationship with their partners. If employees are happy and satisfied with their employments, they tend to be more imaginative and inventive. This encourages organizations to move towards innovation, flourish and bring positive changes to suit the business circumstances. Subsequently, organizations could be ready to venture to international levels.

Moreover, researchers have found that as long as employees believe that their leader or management treat them with respect and trust, they on the other hand will feel that they belong to this company or organization. (Stup, Hyde, & Holden, 2006).

Spector (1997) has indicated that job satisfaction can be characterized as all the emotions that an individual has about his or her work. Researchers had tried to identify the different level of job satisfaction, measure the relative centrality of every element of job satisfaction and investigate what impacts these elements have on employees' performance(Lu, While, & Barriball, 2007).

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Essential components impacting the effectiveness of an organization are leadership styles and employees job satisfaction (Hamidifar, 2009). Hence, the accomplishment of any organization in arriving at its objectives and targets is related to leaders and their leadership style. By showing the suitable leadership styles, leaders can impact employees' job satisfaction, performance, and commitment.

As we live in a people oriented society, human capital is an important element. Both leadership and employees' job satisfaction are based on the principle of people oriented. In another word, the relationship between leadership and employees' job satisfaction is meaningful to the study.

This study investigates three service companies' employees from hotel, travel and insurance industries of Handan City. Handan city is a historical city located in Northeast of China, it belongs to Hebei Province. It borders Shanxi, Shandong and Henan Province. Handan has 3000 years history. It is a capital city in the Chinese Warring States period 3000 years ago. There are lots of historical and classical constructions in Handan City. This leads to travel industry booming now. It also attracts so many foreigners travel to there. And the data from Chinese government shows that the data keeps increasing. The population in Handan now is more than 10 million. There are several big iron industries in Handan, it brings the economic condition keep increasing. Handan is a middle city in China, it is develops quite quickly these yeas. It

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is also a modern city. Too many kinds of service companies appeared. Such as amusement service center, fitness center, community center and so on.

### **1.3 Problem Statement**

Leadership plays an important role in organizations. Whether the leadership is effective or not, it is directly related to the company development. An effective leader gives helpful guidelines to the organization and leads followers towards attaining expected objectives. Similarly, employees with high job satisfaction will be more passionate in their job and willing to achieve organization's vision and mission. An organization with high employee job satisfaction is better for holding and pulling in employees with the skills that it needs (Rad & Yarmohammadian, 2006).

A few studies have been conducted on the relationship between the transformational and transactional leadership style and noticed that leadership style has huge influence on employees' job satisfaction and organizational commitment (Rad & Yarmohammadian, 2006).

The turmoil in today's workplace has made employees terrified and constantly striving to secure their advantage more than considering the long term interest of the organization. Stacey, Griffin and Shaw (2000) found that satisfied employees are seldom absent. They do not have too much work pressure, stay at work longer, and make positive commitments to their organizations. Apart from that, leadership which is

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not effective has been restricted to one part of organizations. This prompts disappointment among employees in achieving the goals of the organizations. Leadership style at the work place can influence employee's mental view either positively or negatively, especially on an employee's healthy and vitality to perform an invigorating work or one loaded with pressure or fear (Puni, Ofei, & Okoe, 2014).

There is a limited of studies accessible that explore identifying with the relationship between leadership style and job satisfaction in service organizations in China. Thus, a related study is still needed as China is a huge country with several provinces and variety sub-cultures. Specifically in the context of Hanan area, the necessity to conduct the related study becomes greater, because as far as the researcher knows no such study has ever been conducted in this area. Accordingly, the existing study tried to fill this gap to some extent. The challenge for service companies is to ensure that leadership practice is compatible with the companies' objectives. Besides that, the management of the companies also need to make certain that the level of employees' job satisfaction will be enhanced and this may consequently gives a positive impact to the companies' performance. This raises the question of which leadership style is most suitable to be engaged with by a leader.

There is a requirement for study that looks at the measurements of leadership styles and job satisfaction. Accordingly, for service companies in which their magnitude contribution to the Chinese business development cannot be denied, the leadership style

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has a considerable positive effect on job satisfaction of their respective employees. Additionally, due to the good economy condition currently, the service companies in China are seemed to be mushrooming. Therefore, employees in service industry play an important role in sustaining this business development. It is vital to focus on the components that would influence their job satisfaction levels and encourage them to improve their performance. With such understanding, leaders at the Chinese service companies would have the capacity to expands by managing their employees' satisfaction (Farh,Cannella, Jr. and Lee 2006).

#### **1.4 Research Questions**

- 1 Is there any correlation between transactional leadership style on job satisfaction among service companies' employees in Handan City, China?
- 2 Is there any correlation between transformational leadership style on job satisfaction among service companies' employees in Handan City, China?
- 3 Are the transactional and transformational leadership styles significantly explain the variance in job satisfaction?
- 4 Is there any significant difference between employees' gender and their job satisfaction among service companies' employees in Handan City, China?
- 5 Is there any significant difference between employees' age group and their job satisfaction among service companies' employees in Handan City ,China?

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### **1.5 Research objectives**

- 1 To examine the correlation of transactional leadership style on job satisfaction among service companies' employees in Handan City, China.
- 2 To examine the correlation of transformational leadership style on job satisfaction among service companies' employees in Handan City, China.
- 3 To determine whether transactional and transformational leadership styles significantly explain the variance in job satisfaction among service companies in Handan City, China.
- 4 To examine the difference between employees' gender and their job satisfaction among service companies in Handan City, China.
- 5 To examine the difference between employees' age group and their job satisfaction among service companies in Handan City, China.

### **1.6 Significant of the study**

This study could add to the body of knowledge on the leadership and job satisfaction literature. Moreover, the present study will contribute to helping organizations, professionals and management, especially in service companies in Handan City of China. In addition other service companies in the world could enhance their knowledge about the relationship between leadership style and job satisfaction in the context of China. The finding of this study will also help directors and planners in planning new arrangements for more adaptable leadership styles. The present study will help to formulate strategies and administration styles for

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successful services companies in Handan City of China. Using validated instruments to measure the leadership styles in several services companies in Handan Area of China and considering how leadership style affects employees' job satisfaction, gives a clear understanding to permitting the services companies in Handan Area of China to continuously enhance leadership effectiveness.

### **1.7 Scope of Study**

This study analyzes the relationship between leadership styles and employees job satisfaction at service companies in Handan City of China. This study involves three service companies which are hotel, travel agency and insurance. The reason these companies are selected for this study because they are categorized under service industry which is considered as important industry in China. Recent data shows that in 2011, the number of foreigner traveler is 0.11 million, in 2012, the number increased to 0.13 million, and the number will continue to increase. The data comes from People's Republic of China National Tourism Administration. It shows that service companies become popular and important. Handan City is one of Chinese historical city. It has 3000 years history. More tourists come to Handan for holiday. This is one of the most important reason why this research choose service companies in Handan City of China.

### **1.8 Limitations of Study**

This study cannot be thought to be generalized to all service companies in China due to small sample size. The findings may not be suitable for other service companies not

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selected. The size of respondents is not large and only three companies from Handan City. Moreover, there was a time constraint as the duration of this study was limited within six months. With all these factors, it can be said that there is a possibility that the findings may not be particularly relevant to all the service companies. However, the issues which this study addresses could be important for service companies in a general sense. Future research could conduct a comprehensive study on all service industry in Handan City.

### **1.9 Definition of Terms**

#### **Leadership:**

Leadership is a process of social influence in which one person is able to enlist and aid and support of others in the accomplished of a common task (Chemers,2014).

Leadership is a comprehensive concept, which is composed of the leader's personality, the ability to deal with complains, influence on employees, a powerful action or behavior, a capability of persuasion, an centripetal force to achieve goals, a key role in company development ( Hersey & Blanchart & Johnson, 2001).

The concept of leadership is defined, according to Hersey and Blanchard (2001), the influence individual or a group in the organization in performing the activities by leaders toward achieving the organizational goals.

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**Leadership style:**

Leadership style is one of the most important human resource-related outcomes. It is one of the most studied topic in management and industrial psychology. Although the topic of leadership is contentious, it is still the core issues in organizational research (Hogan & Kaiser, 2005). Leadership Styles reflect the process by which the leader interacts with others to get the job done (Yagambaram, 2012). Leadership style controls interpersonal, reward and punishment that related to employees' behavior, motivation and attitude which impacts organizational performance (Puni et al., 2014).

**Transformational leadership:**

Transformational leadership refers to that the leaders who inspire the employees on their self-interests through idealized influence (charisma), intellectual stimulation, or individualized consideration. It encourages the employees' maturity level and ideals as well as concerns for achievement, self-actualization, and the harmonious relation with others, organization and society (Bass, 1994).

**Transactional leadership:**

Transactional leadership can be defined as exchange relationship between leader and employees to meet their own objectives (Bass, 1999). Transactional leadership is a reward-driven behavior in which the employees behave to gain rewards or support from the leader in prior literatures (Johnson & Christensen, 2008).

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**Job satisfaction:**

Job satisfaction is thought as the extent to which people like their job or a general attitude toward the job (Wu & Shiu, 2009). Job satisfaction can be defined as a positive emotional feedback from the evaluation of a job or specific aspects of a job (Hamidifar, 2009).

**1.10 Organization of the Thesis**

Chapter one introduced an overview of this study. The reason and the exploration goals have been placed ahead of time to control the bearing of the present study. Chapter two is about the foundation theories and model being studied in the study. It will examine the theories included with leadership and job satisfaction. Literature review on both the dependent variable and the independent variables and the key terms is also being explained in this chapter. Chapter three clarifies the methodology that is used in this study, which includes the data collected, measurements, and field work. Subsequently, the model and the hypotheses produced for this study are included. Chapter four is showed the results of the analysis for the data collected. Findings contained the results will be discussed. Lastly, chapter five discusses the implications of the findings. Additionally, it highlights the impediments of the present study and provides few recommendations for further research.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The purpose of the study is to identify the relationship between two types of leadership which are transactional leadership and transformational leadership to employees' job satisfaction. Leadership is hypothesized to both directly and indirectly affected employees' job satisfaction, subsequently, to affect their job performance.

This chapter focuses on the related literature to the topic. The leadership style namely transactional and transformational leadership that affected employees' job satisfaction in public organizations. This chapter reviewed the relations between leadership styles and job satisfaction.

#### **2.2 Job Satisfaction**

As indicated by O'Leary, Wharton and Quinlan (2009), job satisfaction is one of elements of people's attitudes which can reflect how people love their job. Locke (1976) characterized that a positive or satisfying passionate state from the evaluation of one's job or experience can be said as job satisfaction. This definition proposes that employees structure their disposition towards their jobs by considering their belief, behavior and practices. Robbins, DeCenzo and Gao (2007) found that employees who can fulfill their job and given more compensation or reward, there is a tendency to be

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more satisfied with their jobs. Employees' satisfaction is viewed as an imperative element for organization success. As indicated by Jacob, Galinsky and Hill (2008), generally effective organizations have fulfilled employees while poor job satisfaction can harm an organization.

Job satisfaction comprises overall or general job satisfaction, in addition, a mixture of satisfaction aspects (Cranny, Smith & Stone, 1992). Job satisfaction can be affected by different components. For example, supervisors' displays of nonverbal reactions, individual preference, gender, and the way supervisor communicate to them. Jiang, Klein, Galup (2008) found that levels of job dissatisfaction, truancy, grievance, lateness, low confidence, high turnover, quality change and decision making are related to job satisfaction. In turn, these facts could influence the organization's performance.

The idea of job satisfaction originated from various literatures by a wide range of analysis and researches. The most widely used definition is described by Locke (1976), who characterizes job satisfaction as a pleasurable or positive enthusiastic state coming about because of the performance of one's job. Others have characterized it as just how satisfied an individual is with his or her job; whether he or she likes the job or dislikes. It is evaluated at both the general level (the individual is fulfilled by the job general), and at the specific level (the individual is fulfilled by distinctive parts of the job). There are 14 regular aspects shown by Spector to influence employees' job satisfaction (1997), appreciation, communication, partner, fringe advantages, job conditions, nature

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of the work, organization, personal development, policies and techniques, promotion opportunities, recognition, security, and supervision.

A later definition of job satisfaction is from Hulin and Judge (2003), who pointed out that job satisfaction includes multidimensional mental reactions to an individual's job. These individual reactions have cognitive (evaluative), emotional, and behavioral components. Job satisfaction fluctuates in a range related these issue. Emotional job satisfaction is a subjective feeling which is an individual feel that is satisfied with his or her job. Hence, emotional job satisfaction for people reflects the level of delight or satisfaction their job. Cognitive job satisfaction is a more objective and legitimate assessment of different features of a job. Cognitive job satisfaction can be one-dimensional that includes only one aspect of a job evaluation. Cognitive job satisfaction does not evaluate the level of delight or happiness that comes from particular perspective of job. While cognitive job satisfaction may help to fulfill job satisfaction, the two types of job satisfactions are different, not so much specifically related, and have distinctive forerunners and results Spector (1997).

### **2.2.1 Hierarchy of Needs Theory**

Maslow has divided the level of needs into two sorts which are lower-request needs and higher-request needs. Lower-request needs incorporate the two lower levels which are physiological and safety needs and come from human nature. There are basic needs

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fulfilled externally. Conversely, the high-request needs are related to social, esteem and self-actualization needs. These needs are fulfilled internally (Judge & Colquitt, 2004).

Therefore, if an employee is satisfied with the salary, if the leader wants to motivate him or her through improve the salary, it is not so effective according to the theory. This is because the employee already fulfilled the low level need. Motivating them should try to full fill their high level needs such as self-esteem. The leaders should know how to identify employees' needs and motivate them to improve both individual and organization's performance.

### **2.2.2 Herzberg's Two-Factor Theory**

Herzberg investigated workers' job satisfaction level in different working environments. In this theory, he found that the reason for job satisfaction and lack of job satisfaction was the components inside the job and working environment itself (Weiss & Adler, 1984).

According to Robbins, Judge and Compbell (2010), Herzberg Two-Factor theory clarifies what an individual needs from their jobs. Individuals' perception about their job and judge it either great or awful. Herzberg's Two-Factor theory is also called motivation-hygiene theory. It shows both intrinsic and extrinsic variables. Intrinsic variables help job satisfaction while extrinsic variables affect job dissatisfaction.

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As indicated by Compbell etc. (2010), intrinsic elements are such as advancement, accomplishment and recognition. Extrinsic elements are for instance organization strategies, supervision and workplace environment. As indicated by Herzberg, employees gain job satisfaction if disappointing elements are taken out from the job. An element which can cause job satisfaction has a tendency to contrast from variables that cause job dissatisfaction. Additionally, if removed the reason of causing job dissatisfaction, it may not bring to motivation, however, may bring to peace.

### **2.3 Leadership**

Leadership has been portrayed as a process of social impact in which an individual can help and support others in the achievement of a typical task. For instance, a leader is a person that other persons need to follow, or as someone who controls or administers others. Apart from that, leadership can also characterizes of managing and helping individual or a group of people to achieve the objective successfully (Chemers,1997).

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### 2.3.1 Leadership Style

Leadership style is related to a leader's behavior in giving guidance, actualizing plans, and motivating his or her employees. As seen by the employees, it incorporates the aggregate example of explicit and implicit actions performed by leader (Newstrom & Davis, 1993). Nowadays, there are lots of challenges faced by leaders in recruiting and maintaining talented employees in organizations. Whether a leader can motivate, inspire and create commitment to common goals is important (Bass, 1999).

### 2.3.2 Transformational Leadership

The transformational leaders more close with their subordinates and partners than transactional leaders (Avolio et al., 1991). The multidimensional transformational leaders motivate, trust and gain admiration from their employees and ingrain in them a feeling of pride and reason and a vision to take after, rather than the agreement and exchange approach of different leaders (Bass, 1990). According to Bass (1990), there some behaviors of transformational leader shows as below:

**Inspirational motivation:** These leaders always encourage their employees to do well and to work towards accomplishing the organization's objectives. As indicated Bass and Avolio (1994), leaders who utilize this strategy have the capacity to pass on their thoughts in an acceptable and straightforward way and motivate their subordinates to do a good job.

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**Idealized influence:** These leaders procure the trust and appreciation of their employees; they make a high-moral principle which their employees strive to take after. Such impact can be gotten from the employees and/ or again be a result of the leader's own behavior.

**Individualized consideration:** The employees are perceived to be respected by their leader and they feel being treated fairly. The leaders note their individual employees' requirements and give job task properly, furnishing them with chances to develop themselves.

**Intellectual stimulation:** The employees are encouraged to better see any issues emerging and to likewise have the capacity to relate better to their own particular principle and norms.

### **2.3.3 Transactional Leadership**

This is a kind of managerial leadership, it concentrates on the part of supervision, organization, and group or organization's performance. This leadership style in which the leader advances consistence of his/her employees through reward as well as punishment. Dissimilar to Transformational leadership, leader utilizing the transactional approach are not focus on changing the future. Their objective is to keep things similar. Leaders utilizing this type of leadership as a model give careful consideration to

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employees' work, keeping in mind the end goal and to discover the mistake and deviations ( Bass, 1999)

Bass and Avolio (1994) indicated that three dimensions are included in transactional leadership. They are contingent rewards, management by exception which is active and administration by exception which is negative. Contingent reward refers to leaders evaluating the work that must be attained to and rewards good performance in return. Management by exception (passive) meaning that leaders take some actions just when issue happen while management by exception(active) refers to leaders observing the work of employees effectively and should make sure that principles are met (Antonakis et al., 2006).

Transactional leaders value individual's self-interests by method for contingent reinforcement, positive on account of constructive rewards, praise and guarantees for constituents' achievement in good performance or meeting commitment of the leader and/or the organization. Alternately, the reinforcement is aversive on account of employees do not meet responsibilities. Such aversive reinforcement to revise the employees incorporates negative feedback and disciplinary activity (Bass, Avolio, & Atwater, 1996).

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### **2.3.4 Theories Of Leadership**

#### **2.3.4.1 Trait Theories Of Leadership**

According to DeRue, Nahrgang, Wellman and Humphrey (2011), the traits theories of leadership focus on personal qualities and characteristics that differentiate the leaders from its followers or non-leader. For example, Big Five Model is discussed in this theory. Based on Rentfrow and Gosling (2003), Big Five Model involves five basic dimensions such as:

1. Extraversion such as assertive and sociable.
2. Agreeableness such as altruism, trusting and warm.
3. Conscientiousness such as organized and self-discipline.
4. Emotional stability such as a person can handle stress well.
5. Openness to experience such as creative, feeling and actions.

This theory shows that leaders' personality can affect employees both work and life. Different personality will have different influence to employees.

#### **2.3.4.2 Reinforcement Theory**

As indicated by Robbins and Judge (2010), the reinforcement theory is presented by the Skinner. This theory considers that behavior is caused by environment. It sees that behavior is known to be capacity of its outcomes. This theory is completely without mention the individual's inside feeling or thought. It focuses on what happens when individual take some actions.

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According to Christensen et.al (2008), individuals prefer to act a behavior that can lead to good outcomes and do not act on behavior that leads to unfavorable results. This implies that an individual act to have something he/she prefers and maintain a strategic distance to carry on something he or she dislikes.

## **2.4 The Relationship between Transactional and Transformational Leadership on Job Satisfaction**

Among the determinants of job satisfaction, leadership is one of the most important elements. The procedure can affect individuals keeping in mind the end goal to attain the organization's objective. Furthermore, leadership steered to individuals and social interaction known as management capacity of leadership. Studies have demonstrated that leadership and job satisfaction of social health care providers are related and are focused for many studies in several counties (Yarmohammadian,2006).

Based on the research result done by Negussie<sup>1</sup> and Demissie (2013), nurses' job satisfaction has strong relationship with nurses' managers leadership style. The result showed that nurses who were employed by Jimma University Specialized Hospital could recognize transformational leadership style and transactional leadership style. The mean scores of transformational and transactional leadership styles demonstrated that nurses seemed, by all accounts, to be more satisfied by transformational leadership style, particularly, with rousing motivation and idealized behavior influence. Leaders who carry on inspirational motivation behavior have a capacity to reinforce the employees' reactions and clarify vital thoughts in straightforward ways. Additionally, idealized

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Influence (behavior) helps the leader to instill pride and confidence in the employees by overcoming impediments and easy to express their disappointment with existing conditions. The study also demonstrates that transactional leadership styles had either powerless or negative influence on intrinsic and extrinsic job satisfaction. This result means that transformational leadership style is better for job satisfaction of nurses which can improve nurses' performance and decreasing the turnover of nurses.

Leadership style in hospital is one of the most important parts because it could influence their employees' job satisfaction. Employees' job satisfaction was fundamentally influenced by leadership style especially in the aspect of employee-oriented. It was also accepted that hospital managers require to learn and know more deeply about leadership style and the relationship between leadership style and employees' job satisfaction ( Rad & Yarmohammadian, 2006).

According to Ali Yaghoubipoor Ong Puay Tee Elsadig Musa Ahmed (2013), in automobile industry of Iran, transformational leadership style prevail more than other leadership styles. The result demonstrates that the subordinates' level of satisfaction ranging from mid to over high level. As it were, from the present research can be seen that there is a relationship between the transformational leadership measurements and job satisfaction. Consequently, applying the result of this research to workplace could enhance and build job satisfaction. The study also indicated that leaders in the auto business ought to apply a transformational leadership style instead of the traditional

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leadership style especially in today's fast changing industrial environment. This can help to improved positive job satisfaction, hence, higher individual's as well as organizational performance.

The results mention above show that leader empowering behavior could enhance job satisfaction, which, also help to achieve organizational commitment. Leaders' empowering behavior affected individual's attitude towards their jobs positively. Employees' positive attitude make them would love to keep up their relationship with the organization. These results were supported by Robbins' (2010) that an individual with a high level of job satisfaction holds positive attitude towards the job. In turn, an individual who is disappointed with his or her job holds negative attitude towards the job. The results of this study showed that leader is a critical factor to create positive attitude to their employees.

According to Greenberg and Baron (2009), relationship between transformational leadership and employees' motivation and job satisfaction is strong and significant. Transformational leadership can motivate employees better than other types leadership. From the above research, the result showed that the transformational leadership styles on banking employees' motivation in Pakistan is more successful than the transactional style. The relationship between the elements of transformational leadership styles (which include idealized attributes, idealized behavior, individualized thought,

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intellectual stimulation and motivation) and motivation banking employees in Pakistan is helpful and significant.

According to Voonl, Ngui and Ayob (2011), Malaysia public sector employees' job satisfaction is affected by transformational and transactional leadership. There is a positive relationship between employees' job satisfaction and transformational leadership, while, there is a negative relationship between employees' job satisfaction and transactional leadership in government organizations. The result also indicates that just contingent reward dimension of transactional leadership, can affect job satisfaction effectively through two measurements which are working condition and job task. The result has demonstrated that transformational leadership style has a positive relationship with job satisfaction. Meaning that transformational leadership is seems more suitable for managing government organizations.

Transactional leaders look for commonly satisfying outcomes through giving clear guidelines and considering subordinates responsible for their activities. Transactional leadership minimizes the guesswork, which is more effectively in the chain of command work structure implemented by military agencies (Tong, Wong & Lui,2012). As indicated by Bass (1996), the transactional leadership style meets expectations through making clear structures whereby it is clear what is needed of their subordinates, and they give reward for the person who follows the order (Bass,1996). The mission of the military is to prevent war and security. The transactional leadership style maintains

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this mission through leaders who maintains dynamic relationship with subordinates. Accordingly, leaders perceive subordinate needs and reward them in return for their performance and support

As indicated by Schwarzwald et al, (2001), employees prefer to follow soft rather than harsh power tactics and they prefer transformational rather than transactional leadership.

Arora and Vermeulen (2013), noticed sports groups are managed by transactional leaders that they motivate and mold their members by promoting winning as the reward. Normally, coaches by encouraging players to improve their morale.

According to Tabbodi (2009), among 16 branches of Islamic Azad University, different leadership style factor affects employees' job satisfaction differently. Leaders prefer to adopt transformational leadership style to motivate their employees to gain job satisfaction.

Employee job satisfaction will be affected by the internal organization environment, which incorporates organizational atmosphere, leadership and faculty connections (Hamidifar, 2010). Among determinants of job satisfaction, leadership will be seen as an paramount indicator and plays a key role (Rad & Yarmohammadian, 2006). Leadership is a management capacity,

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which is generally steered towards individuals and social communication, as well as the process of influencing individuals with the goal that they will accomplish the objectives of organizations (Skansi, 2000).

## **2.5 Conclusion**

As a conclusion, the review of the literature indicates that, there are significant relationship between leadership style and job satisfaction and independent variables. However, none of the previous study has examined and provided the evidence in the context of service companies specifically in China.

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## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This study's main objective is to investigate the relationships between two types of leadership which are, transactional leadership and transformational leadership to employees' job satisfaction. Thus, this chapter reviewed research design that was used to examine these relationships. In this chapter, an outline of the research was presented. Details of the research design, the methodology for collecting the data, and data analysis were presented in this section.

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### 3.2 Research Framework

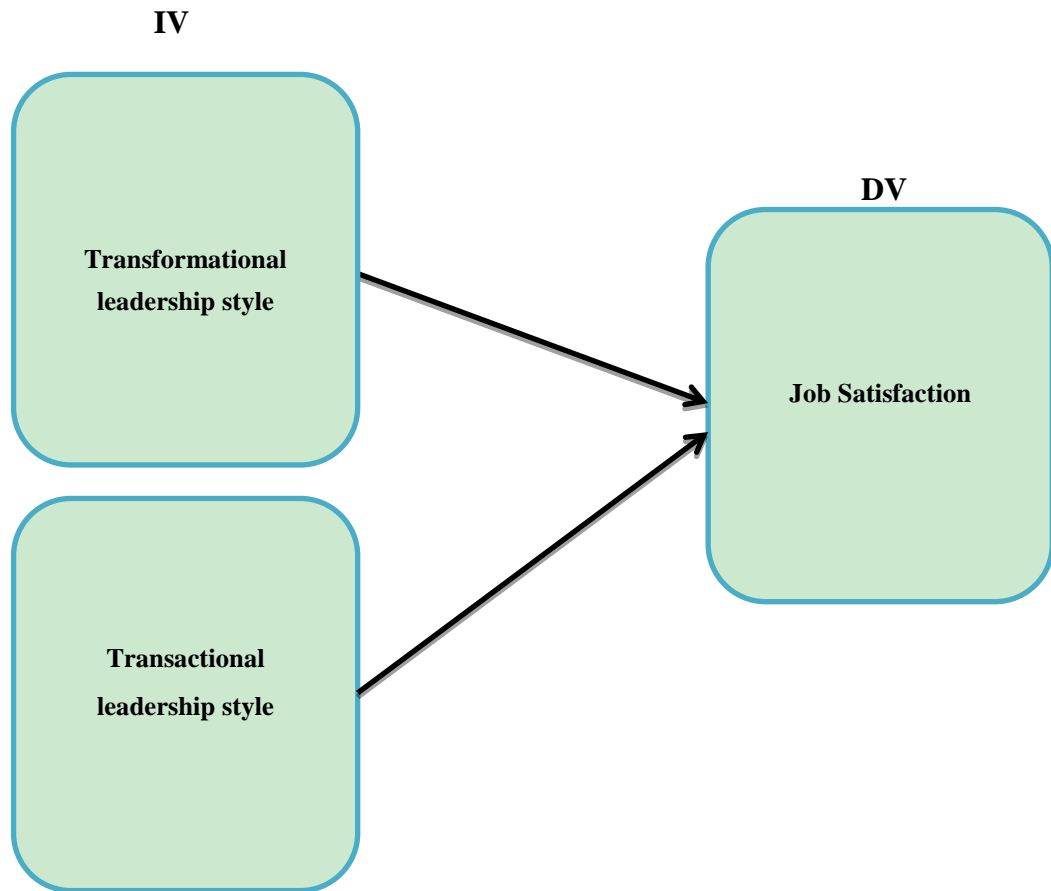


Figure 3.1  
*Research Framework*

Of the particular interest in this study is to examine are strength of transformational and transactional leadership style in influencing job satisfaction among the employees of service companies in Handan, China. Generally, the elements or dimensions in both of these leadership styles can contribute to the increase of motivation level among employees. The psychological phenomenon of the motivation is closely related to job satisfaction. Accordingly, the transformational leadership style and transactional leadership style are independent variables and they are linked with the job satisfaction which is the dependent variable. Apart from that, this study also has an interest to know

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whether there is a difference between male and female employees, and between group of employees with different age group on their job satisfaction.

### **3.3 Research Hypotheses**

Hypotheses refer to a tentative, testable statement which forecast what the study intend to find in empirical data. Hypotheses are generated from theory on which the conceptual model is based and are relational in nature. Therefore, hypotheses can be defined as a logically connected relationship between variables expressed in the form of testable statements. By testing the hypotheses and confirming connected relationship, it is expected that solution can be found to correct the problems examiner.

**Hypothesis 1:** There is a correlation between transformational leadership style and job satisfaction among service companies' employees in Handan City of China.

**Hypothesis 2:** There is a correlation between transactional leadership style and job satisfaction among service companies' employees in Handan City of China.

**Hypothesis 3:** There is a difference between employees' gender and their job satisfaction among service companies in Handan City of China.

**Hypothesis 4:** There is a difference between employees' age group and their job satisfaction among service companies in Handan City of China.

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**Hypothesis 5:** The transactional and transformational leadership styles significantly explain the variance in job satisfaction among service companies' employees in Handan City China.

### **3.4 Research Design**

This research concentrated on organizational leadership and employees' job satisfaction, and the link between these two measurements. This design is best suited to answer the research questions that anchored the development of this study. The exploration answers were given by three service companies' employees who were randomly chosen from Handan City, China.

This study is quantitative in nature. The information in this research was obtained by using questionnaire approach to study the relationship between the independent variables and the dependent variable.

Creswell (2005) characterized quantitative research as a common technique that is practical for differentiating between independent variables and dependent variables, and interpreting the relationship among variables. At the point when using such approach, the instruments, either developed or adopted, are used to collect data. In business, these instruments have been used to investigate organization's leadership as well as organization's employees' job satisfaction.

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A cross-selected study survey also was used in this study. Using cross-selected serves as a snapshot of the target population and their state of mind about the examination issue and serves to organize the researchers' actions focused around target respondents. Additionally, it serves to build a benchmark from which a researcher can examine whether target population perceptions and attitudes in respect to the issue being examined.

The study concentrated on the analysis of relationship between leadership styles and employees' job satisfaction in service companies. The independent variable in this study are the two types leadership styles namely transformational leadership and transactional leadership styles among the leaders of the three chosen companies in Handan City. The dependent variables for this study is employees' job satisfaction among employees of these companies.

### **3.5 Population and Sampling**

The target population of the study was Chinese service companies' employees in Handan City China. Among the large amount of Chinese service companies, three private companies were chosen for this study. The total sample was 210.

This study used simple random sampling in which the respondents were selected randomly. Based on the sample size table by Krejcie and Morgan (1970), a population of 210 required a sample size of 132. However, only 60 questionnaires were returned

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for analysis. The remaining consider rejected due to several reasons such as too many technique errors or too many missing answers.

### **3.6 Instrumentation**

Email requesting participation in this study was sent to managers of these three service companies. The number of employees currently employed in these three service companies was obtained from the human resource management personnel. And a cover letter with a copy of the survey was also sent to each respondent. The cover letter attached to the survey was designed to invite employees to participate in this study. It explain the purpose of this study, to inform them that their identity will be strictly anonymous and confidential.

In order obtain data for the study, 25 items questionnaire named leadership question form were used to measure employees' perception of the organization's leadership. An 25 items questionnaire on job satisfaction were also used in the study. There are three survey instruments to collect the data were derived from literature. The job satisfaction items was adopted by Paul E.Spector (1985) Department of Psychology, University of South Florida. Transformational and transactional leadership style items were adopted by Bass and Avolio (1994).

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### **3.7 Procedure of Data Collection**

The process of data collection started by sending the letters to three chosen companies. Managers at the service companies which included in the study were contacted. In the wake of getting the consent from manager to conduct research, simple random sampling was used to select respondents. The procedure of data collection based on the simple random sampling requirement. Thus, by using employees' number, each number was written on a small piece of paper, then mixed them. Manager of each company randomly selected these papers. The letter contained the purpose of the study and assurance a confidentiality of respondents.

### **3.8 Procedure of Data Analysis**

Descriptive analysis was used to give a numerical synopsis of the information regarding their frequencies, means, and standard deviations. These insights exhibited respondents' information in regards to following independent variables, gender, age and years of working experience. Employees' job satisfaction was the dependent variable and contrasted around two types of leadership styles of independent variables. The findings were accounted for using narrative, tables and charts. A computer Statistical Package for Social Science (SPSS) version 19 was used to analysis the data.

To analyze the relationship between the informative and reaction variables, bivariate investigations were used. After all anomalies were expelled from the data, a Pearson's Correlation investigation was used to identify the directions between leadership style

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and employees' job satisfaction. On this basis, the Multiple Regression Analysis would be adopted to evaluate the effect of leadership style on employees' job satisfaction with the following equation.

$$Y = a - \beta_1 X_1 + \beta_2 X_2$$

thus,

$$Y = 46.583 - 0.083 X_1 + 0.613 X_2$$

Where:

$Y$  = Job satisfaction

$X_1$  = Transactional leadership

$X_2$  = Transformational leadership

If the relationship between the variables was direct, then a Pearson Product Moment Correlation will be displayed. This was popularly used correlation coefficient and described data about the how strong the relationship between two variables and the relationship is positive or negative (Johnson & Christensen, 2008). The correlation coefficient was tested for statistical significance. Furthermore, selected demographic variables were also used to examine perception of leadership styles.

### **3.8.1 Reliability test( Cronbach's Alpha)**

As indicated by Tong, Wong and Lui (2012), Cronbach's Alpha is a standout amongst the most normally used test for reliability testing. In Cronbach's Alpha, if the items are standardized, it is taking into account the normal correlation of items inside a test, while it be will in light of the normal covariance among the items when the items are not

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standardized. This is on the grounds that, correlation of coefficient are deciphered by Cronbach's Alpha, which give value in the reach of 0 to 1.

Furthermore, as explained by Lui et.al (2012), the standardized alpha value would be acquired when all items are standardized as indicated by reliability test. There will be little difference between these two alphas since items are more inclined to variance.

As stated by Kindness, Sekaran (2003), Cronbach's Alpha enable the researcher to know the reliability coefficient to how well the items connected to each other to explain the construct. The higher the inner consistency reliability can be seen when the Cronbach's Alpha is close to 1 which is viewed as excellent. Scores which is under 0.6 are viewed as poor, while 0.7 will be considered as worthy and more than 0.8 is good.

Moreover, taking into account the study by Ryu, Parikh, Gupta, Eifler, Salem, Omary and Lewandowski (2012), common used rules of thumb interpret the internal consistency is indicated in the table as follow.

Table 3.1  
*Reliability Test*

<b>Cronbach's Alpha</b>	<b>Internal Consistency</b>
< 0.5	Unacceptable
0.5-0.6	Poor
0.6-0.7	Questionable
0.7-0.8	Acceptable
0.8-0.9	Good
0.9-1.0	Excellent

### 3.8.2 Pearson Correlation

As indicated by Sekaran (2003), the Pearson Correlation is for interval-and ratio-scaled variables. It shows the connections among variables. While according to Lui er.al (2012), Pearson correlation is used to test the relationship between two variables. The relationship between two variables was portrayed by the Pearson correlation coefficient matrix.

The Pearson correlation coefficient is useful to examine bivariate relationships between variables. The connection between two variables is referred as basic bivariate relationship. It quantifies liner relationship, normally basic bivariate relationship also called zero-request correlation can be used ( Lui er.al (2012).

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Lui et.al (2012) expounded there could be strongly positive correlation between variable which is 1.0 (plus1) or a strongly negative correlation which is -1.0. Sekaran (2003) indicated, when survey correlations between any two anticipated variables that would be unique in relation to one another, it demonstrates that neither of these will be seen was reliable. The sign of the positive and negative shows the direction while the value shows the strength of the relationship (Lui et.al ,2012).

Moreover, according to Lewandowski et.al (2012), the coefficient correlation which describes the relationship of independent variables and dependent variable shows the interpretation of value as below:

Table 3.2  
*Interpretation of coefficient Correlation*

<b>Coefficient Correlation</b>	<b>Interpretation</b>
< 0.2	Slight correlation
0.2-0.4	Low correlation
0.4-0.7	Moderate correlation
0.7-0.9	High correlation
0.9-1.0	Very high correlation

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### **3.8.3 Multiple Regression**

As indicated by Lewandowski, et.al (2012), an extension of bivariate correlation is known as Multiple Regression. If the result between independent variable and dependent variable is significant, it will result in good prediction. Independent variables which are connected with one another and with the dependent variable fulfilled the condition for regression investigation.

Multiple regression model estimates the partial marginal effects of independent variables on the dependent variable by minimizing the sum of squared errors to examine the effects of independent variables on dependent variable (Bright and Gubareva etc,2008).

### **3.9 Summery**

This chapter described the research framework and research design of the study. The description of research design, population and sampling, instrument, data collection and data analysis were provided. Research results will be explained showed and explained in the next chapter.

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## **CHAPTER FOUR**

### **RESEARCH FINDINGS**

#### **4.1 Introduction**

The researcher discussed the findings of the research. Few topics would be discussed, for example, respondent's demographic information and the relationship of independent variables and dependent variable. The analyst use Pearson correlation, Cronbach's Alpha and Multiple Regression would also be discussed.

Three service companies from Handan City of China were selected. The data collected from these companies' employees were used for data analysis.

#### **4.2 Frequency Distribution**

There are 60 respondents collected. The frequency distribution explained in detail for the demographic characteristics of the respondents.

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## A Gender

In terms of a frequency distribution based on gender, around 65% are females while the rest which are 35% are males. The table of the ender distribution is showed in Table 4.1 and Figure 4.1.

Table 4.1

	Gender	
	Frequency	Recent(%)
<i>Male</i>	<i>21</i>	<i>35</i>
<i>Female</i>	<i>39</i>	<i>65</i>
<i>Total</i>	<i>60</i>	<i>100</i>

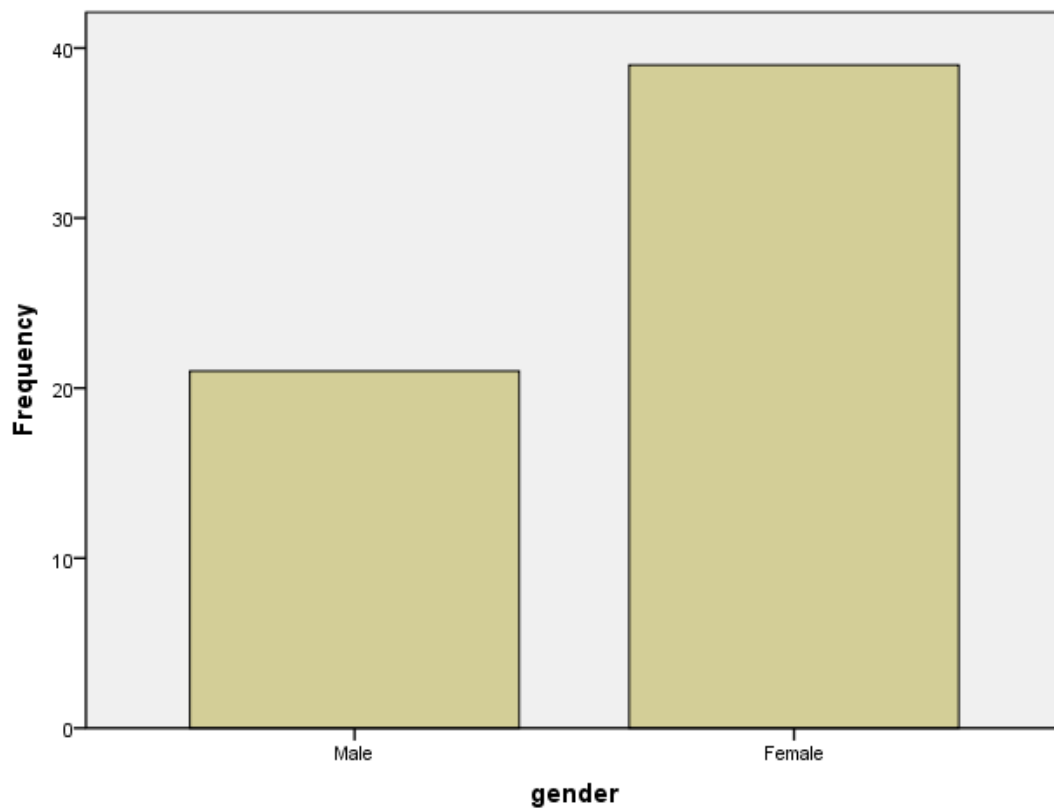


Figure 4.1

## B Age

Base on the result which from the data analysis for age distribution. A total 60 respondents it was found that, only 3.3% respondents are below age 20. Those who were at the age between 21 to 30 were found to be the majority of these respondents, which is 44 (73.3%). While for the age between 31 to 40 only 16.7%, which is 10 respondents. For the age from 41 to 50 only 1.7%, and is 1 respondent. The rest are in the group of age above 51 years old is 5% which is 3 respondents. The frequency of age distribution was shown in Table 4.2 and Figure 4.2.

Table 4.2

*Age*

	Frequency	Percent(%)
Below 20	2	3.3
21-30	44	73.3
31-40	10	16.7
41-50	1	1.7
Above 50	3	5.0
Total	60	100

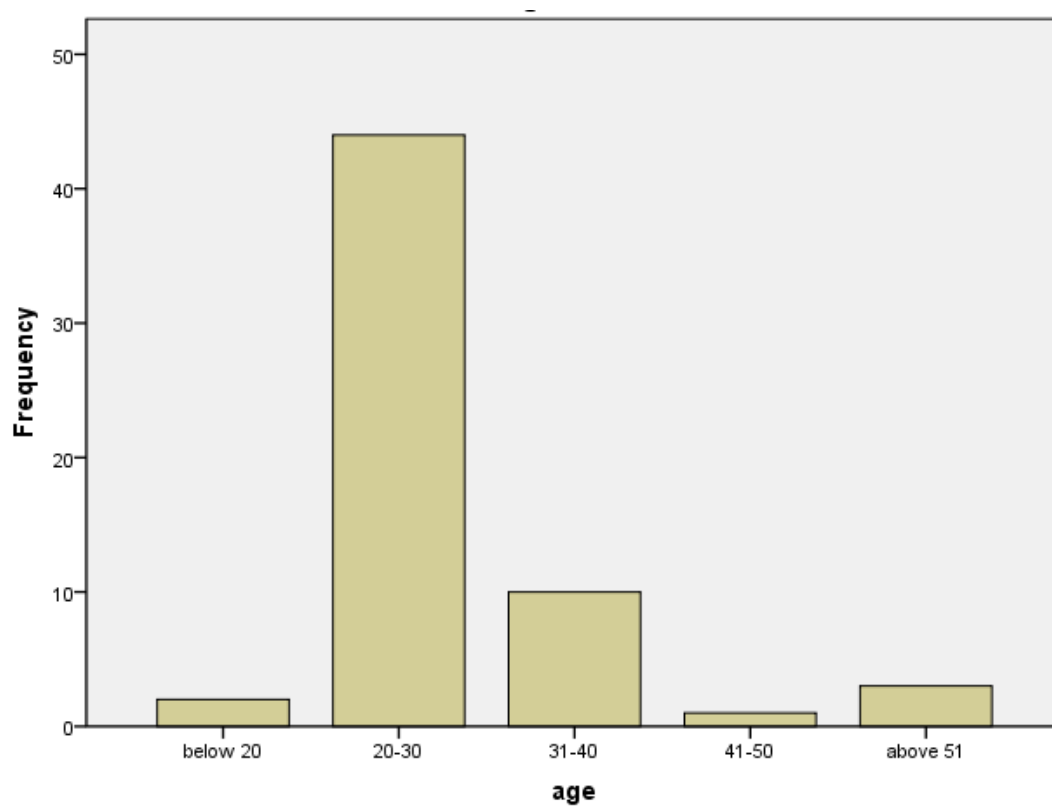


Figure 4.2

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### C Educational Level

The frequency distribution of the educational level which had been collected, it showed that out of 60 respondents, most of respondents have diploma, the number of respondents is 29 (48.3%). While 13 (21.7%) respondents hold high school certificate. There are 17(28.3%) respondents who have bachelor degree. While the rest respondents are masters. Table 4.3 and Figure 4.3 showed the frequency distribution of educational level among the respondents.

Table 4.3 Educational Level

	Frequency	Percent(%)
Certificate	13	21.7
Diploma	29	48.3
Bachelor	17	28.3
Master	1	1.7
Total	60	100

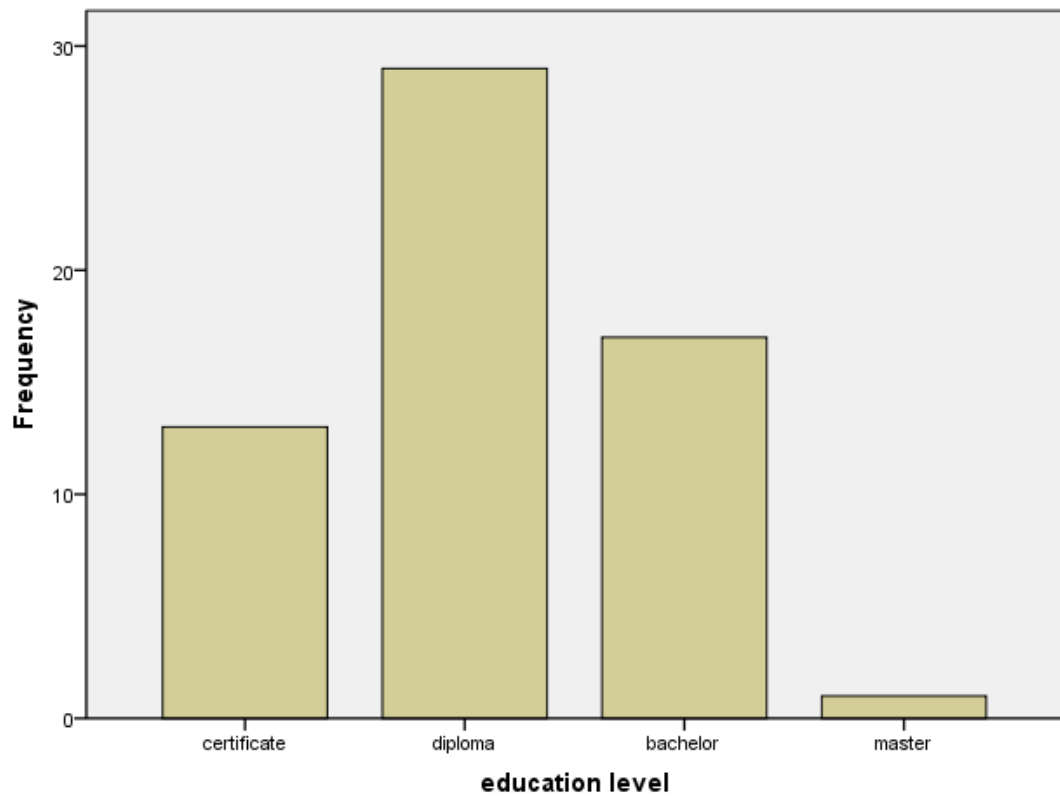


Figure 4.3

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## D Working Experience

The results for frequency distribution of years of working experience showed in Table 4.4. Out of 60 respondents, 29 (48.3%) respondents who have work less than two years, While 15 (25%) respondents work 2 to 5 years. There are 8 (13.3%) respondents work 5 to 10 years. The rest respondents work more than 10 years in private company, which is 8 respondents.

Table 4.4 Work Experience

	<i>Frequency</i>	<i>Percent (%)</i>
Less than 2 years	29	48.3
2-5years	15	25.0
5-10years	8	13.3
Above 10 years	8	13.3
<i>Total</i>	<i>60</i>	<i>100</i>

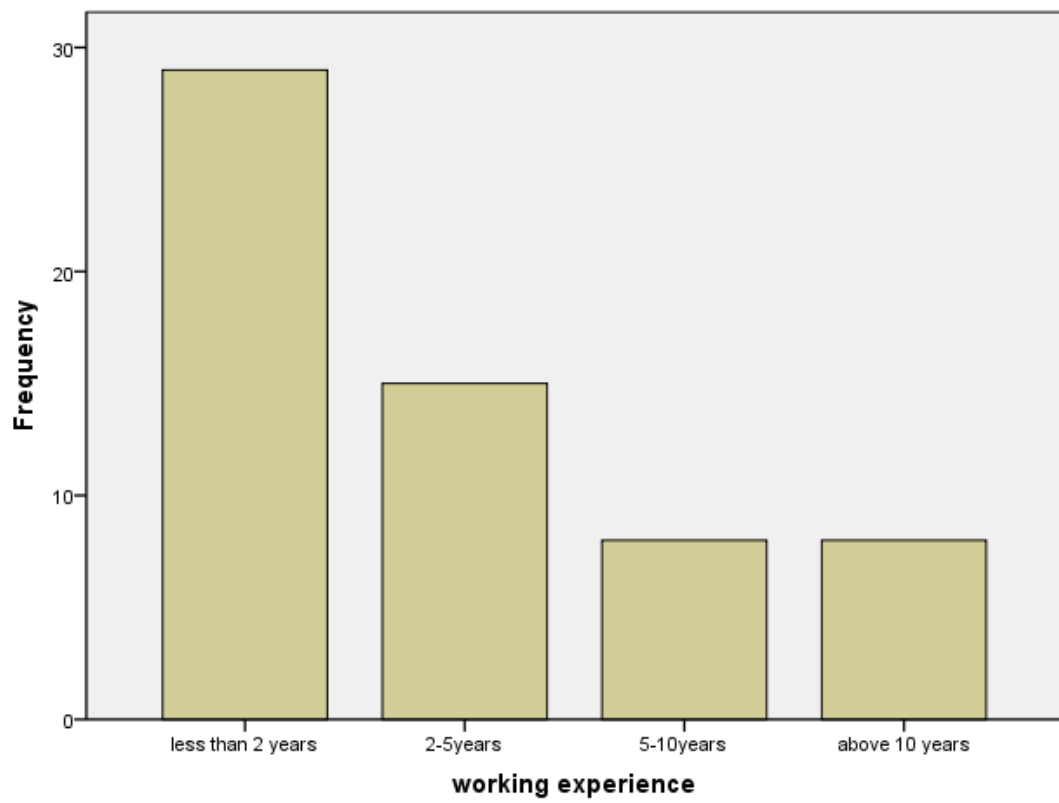


Figure 4.4 *Working Experience*

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## **E Mean for Transactional leadership, Transformational Leadership and Job Satisfaction**

All the 60 respondents who had responded to the questionnaire pertaining to their thought on the transformational, transactional leadership style and job satisfaction that exist in the three selected companies. The main score for these three variables showed as below.

### **4.3 Descriptive Analysis**

#### **4.3.1 Mean score for transactional leadership**

The main values for the responds given by the respondents in terms of transactional leadership are in the range between 2.03 to 2.40. Table 4.5 below provided the details of the mean score for all items for transactional leadership.

Table 4.5  
*Mean Score of Transactional Leadership Item*

	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Provide with assistance	60	1	5	1.98	.084	.651
Reexamine official Assumption	60	1	4	2.20	.097	.755
Focused attention on Irregularities	60	1	4	2.05	.099	.769
Talk enthusiastically	59	1	4	2.25	.112	.863
Spend time teaching	60	1	5	2.72	.126	.976
Demonstrate problem	60	1	4	2.15	.097	.755
Concentrate his full attention	60	1	4	2.65	.111	.860
Keep track	60	1	5	2.60	.119	.924
Discuss in specific terms	60	1	4	2.17	.101	.785

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#### 4.3.2 Mean score for transformational leadership

The main values for the responds given by the respondents in terms of transformational leadership are in the range between 2.05 to 3.22. Table 4.6 below provided the details of the mean score for all items under transformational leadership.

Table 4.6  
*Mean Score of Transformational Leadership*

	N	Minimum	Maximum	Mean	Std. Deviation
Talk about his important value	60	1	5	2.38	.846
Talk optimistically about the future	60	1	5	2.28	1.010
Seeking different Perspectives solve problem	60	1	4	2.38	.885
Talk optimistically about future	60	1	4	2.03	.920
Specifies the importance of Having a strong	60	1	4	2.03	.823
Make clear what one can Expect to receive	60	1	4	2.30	.926
Treat me as an individual rather than	60	1	5	2.40	1.077
act in ways build my respect	60	1	5	2.33	1.020
Consider moral and enthical	60	1	5	2.45	.946
Displays a sence of power and confidence	60	1	5	2.35	.936
Articulates a compelling vision of future	60	1	4	2.12	.865
Get me to look at problems from different	60	1	5	2.18	.892
Help me to develop my strength	60	1	4	2.33	.896
Emphasize the importance of having a collective	60	1	5	2.07	.821
Express satisfaction when I meet	60	1	5	2.15	.799

### 4.3.3 Mean for Job Satisfaction

The main values for the responds given by the respondents in terms of job satisfaction are in the range between 1.98 to 2.72. Table 4.7 below provided the details of the mean score for all items under job satisfaction.

Table 4.7  
*Mean Score of Job Satisfaction*

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
I feel I am being paid a fair	60	1	5	2.85	1.162
There is to really little chance for promotion	60	1	5	2.70	1.062
I am not satisfied with the benefits	60	1	5	2.58	1.013
When i do a good job, I receive the recognition	60	1	5	2.42	.907
many of our rules and procedures	60	1	5	2.60	1.045
I like the people i work with	60	1	5	2.12	.846
I feel ,y work is meaningful	60	1	5	2.32	.983
communication seem good within	60	1	5	2.32	.965
Those who do well on the job stand a fair chance promote	60	1	5	2.63	1.193
The benefits we receive are as good as most	60	1	5	2.77	1.015
My effort to do a good job are seldom blocked my	60	1	5	2.28	.940
I find I have to work harder at my job because of the	60	1	5	2.05	.790
I like doing the thing I do at work	60	1	5	2.18	.873
The goals of the organization are not clear	60	1	5	3.37	.991
People get ahead as fast here as they do in ohter place	60	1	5	2.77	.981

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My supervisor shows too little interest in the	60	1	5	2.95	1.016
The benefits package we have is equal	60	0	5	2.95	1.111
There a few reward	60	1	5	3.10	1.053
I have too much to do at work	60	1	5	2.78	1.027
I enjoy my coworkers	60	1	5	2.07	.821
I feel a sence of pride of of my job	60	1	5	2.62	1.010
I feel satisfied with my chance for salary incresed	60	1	5	3.22	1.091
There is some bickering and fighting at work	60	1	5	3.03	1.041
Work assignment are not fully explained	60	1	5	3.13	.982

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#### 4.4 Reliability Test (Cronbach Alpha)

As mentioned in the previous chapter the reliability test was conducted to make sure all the collected data are reliable. The result of the reliability test for the items shows that, the dependent variable which is job satisfaction, the Cronbach's Alpha appeared to be 0.643. As for independent variable which is transformational leadership, the value is 0.936. While, another value of independent variable, transactional leadership, is 0.703. The value of Cronbach Alpha for all variables are in the range of acceptability and they are all reliable.

Table 4.8  
*Cronbach Alpha*

Reliability Statistics	
Cronbach's Alpha	N of Items
.703	10
Cronbach's Alpha	N of Items
.936	15
Cronbach's Alpha	N of Items
.643	25

#### 4.5 Pearson Correlation

To examine the relationship between transactional and transformational leaderships with job satisfaction, a Pearson correlation analysis was conducted. The Pearson Correlation basically explains the relationship between two variables. The coefficient of correlation is ranged between -1 to +1 where the value shows the strength of the relationship (Coakes et.al. 2010).

##### 4.5.1 The relationship between transactional leadership style and job satisfaction among service companies' employees in Handan City of China.

The result from the Hypothesis 1 which states that: 'There is a significant relationship between transactional leadership style and job satisfaction service companies' employees in Handan Area of China (Table 4.9), shows that the transactional leadership style is significantly correlated to job satisfaction ( $r = 0.372$   $p < 0.01$ ). Hence, the hypothesis 1 is substantiated. Therefore, it could be concluded that relationships exist between transactional leadership and job satisfaction at.

Table 4.9  
*Correlation Between Transactional Leadership And Job Satisfaction*

		MEANTS	MEANJS
MEANTS	Pearson Correlation	1	.372**
	Sig. (2-tailed)		.003
	N	60	60
MEANJS	Pearson Correlation	.372**	1
	Sig. (2-tailed)	.003	
	N	60	60

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

#### **4.5.2 The relationship between transformational leadership style and job satisfaction among service companies' employees in Handan City of China.**

The result from the Hypothesis 2 which states that: 'There is a significant relationship between transformational leadership style and job satisfaction among service companies' employees in Handan Area of China (as per table 4.10), shows that the transformational leadership style is significantly correlated to job satisfaction( $r = 0.683$   $P < 0.01$ ). Hence, the hypothesis 2 is also substantiated.

Table 4.10  
*Correlation Between Transactional Leadership And Job Satisfaction.*

		MEANTF	MEANJS
MEANTF	Pearson Correlation	1	.683**
	Sig. (2-tailed)		.000
	N	60	60
MEANJS	Pearson Correlation	.683**	1
	Sig. (2-tailed)	.000	
	N	60	60

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

#### 4.6 Multiple Regression

The Multiple Regression was used to determine the influence of independent variables on dependent variable. This statistical method of analysis needs the researcher to interpret the regression coefficients for independent variables transactional and transformational leadership. These coefficients will describe the average amount of change in dependent variable that is job satisfaction, given a unit change in the independent variables. Apart from that, the beta coefficient under the standardize regression coefficient would be referred as it enables researcher to determine which of the independent variable is the most significant variable that influence job satisfaction.

##### 4.6.1 The examination of the influence of transactional and transformational leadership styles on job satisfaction

The test result of Hypothesis 3 which stated that: ‘The transactional and transformational leadership styles significantly explain the variance in job satisfaction among service companies’ employees in Handan area China. Based on Table 4.11,

shows that the value of R-square was 0.390, thus it implied that 39 percent of variance in job satisfaction is influenced by transactional and transformational leadership styles. Hence, the hypothesis 3 was substantiated. Therefore, it could be concluded that at least one independent variables could significantly explain the variance in job satisfaction among service companies' employees in Handan City of China.

Table 4.11

*Model Summary of Transformational leadership, Transformational Leadership and Job Satisfaction*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.624(a)	.390	.369	7.15653

*a Predictors: (Constant), mean\_transformational, mean\_transactional*

*b Dependent Variable: mean\_js*

As in the ANOVA table (Table 4.12), the  $F$  value of 18.217 was significant at 0.001 level. Apart from that, the column df (degree of freedom) in the table represents the number of independent variables (2), the second number(57) is the total number of complete responses for all the variables in the equation ( $N$ ) minus the number of independent variables ( $K$ ) minus 1 ( $N-K-1$ ) ( $60-2-1$ ) = 57. Thus, the model is significant at .0001 significance level.

Table 4.12

*Anova*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1866.041	2	933.021	18.217	.000(a)
	Residual	2919.306	57	51.216		
	Total	4785.347	59			

*a Predictors: (Constant), mean\_transformational, mean\_transactional*

*b Dependent Variable: mean\_js*

Finally in the table of Coefficient (Table 4.13), the column Beta under Standardize Coefficients shows the value of -.038 and .645 for transactional and transformational leadership respectively. Only transformational leadership was at 0.001significance level. The positive Beta weight of transformational leadership indicates that this independent variable was important in enhancing job satisfaction among employees of service in companies in Hanan.

Table 4.13

*Coefficients(a)*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	46.583	5.161		9.026	.000
	mean_transactional	-.083	.277	-.038	-.301	.764
	mean_transformational	.613	.119	.645	5.164	.000

*a Dependent Variable: mean\_js*

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Column  $t$  in the table shows that the value of transformational leadership that was 0.645, This means that transformational leadership has stronger influence on job satisfaction as compared to transactional leadership.

In the model column, constant which is 46.583, indicates that if transformational leadership and transactional leadership are to be omitted from the equation, the value of job satisfaction would be 46.583. Besides, under unstandardized coefficients, the coefficient of transactional leadership is 0.083, while the coefficient for transformational leadership was 0.613. Hence, based on these relationship of the variables is represented as follows;

$$Y = a - \beta_1 X_1 + \beta_2 X_2$$

thus,

$$Y = 46.583 - 0.083 X_1 + 0.613 X_2 + \xi_0$$

Where:

$Y$  = Job satisfaction

$X_1$  = Transactional leadership

$X_2$  = Transformational leadership

#### **4.6.2 The examination of the difference in terms of job satisfaction between male and female employees in service companies in Handan Area of China**

The test of hypothesis 4 which state that: There is a difference in terms of job satisfaction between employees gender in service companies in Handan City of China.

The result shows that there was no difference in job satisfaction level between

employees' gender. Table 4.14 indicates that the F-Ratio of 0.974, was not significant at the level 0.01. This implied that the hypothesis 4 could not be supported. Hence, it could conclude that both male and female employees are experiencing similar level of job satisfaction.

Table 4.14  
*Independent Samples Test*

	Levene's Test for Equality of Variances				
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	.974	.328	-2.044	58	.045
Equal variances not assumed			-1.998	38.499	.053

#### **4.6.3 The examination of the difference in terms of job satisfaction between different ranges of employees' age in service companies in Handan Area of China.**

The hypothesis 5 which stated that: There is a difference in terms of job satisfaction between of employees' age group in service companies in Handan Area of China. Table 4.15 shows that there was no difference in job satisfaction based on difference ages groups. Table 4.15 shows the F-Ratio of 0.972, was not significant at the level 0.01 significance level. This implied that the hypothesis 5 was rejected, Hence, it can be concluded that employees age group at the service companies are experiencing similar level of job satisfaction.

Table 4.15

*Anova test between different age of employees' age in experiencing job satisfaction*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	316.066	4	79.017	.972	.430
Within Groups	4469.281	55	81.260		
Total	4785.347	59			

mean\_js

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#### 4.7 Summary of Hypothesis Testing

In this chapter, each of the hypotheses was tested and the results as shown in the table below:

Table 4.16

*Summery of Hypotheses Testing*

Hypothesis	Result
<b>Hypothesis 1:</b> There is a correlation between transactional leadership style and job satisfaction among service companies' employees in Handan City China.	Accepted
<b>Hypothesis 2:</b> There is a correlation between transformational leadership style and job satisfaction among service companies' employees in Handan City of China.	Accepted
<b>Hypothesis 3:</b> The transactional and transformational leadership styles will significantly explain the variance in job satisfaction among service companies' employees in Handan area China.	Accepted
<b>Hypothesis 4:</b> There is a difference in terms of job satisfaction between male and female employees in service companies in Handan Area of China.	Rejected
<b>Hypothesis 5:</b> There is a difference in terms of job satisfaction between different ranges of employees' age in service companies in Handan Area of China	Rejected

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#### **4.8 Conclusion**

This chapter concludes that correlation exist between independent variables of transactional leadership and transformational leadership with employees' job satisfaction. While both independent variables explain the variance in job satisfaction are able to explain the variance in job satisfaction among employees. However, the study also found that neither the gender nor the age group had significant effect on employees' job satisfaction.

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## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSION AND RECOMMENDTION**

#### **5.1 Introduction**

This chapter concludes and explains the findings of the research in detail. Additionally, it also explains how to implement the findings in practice, and elaborated the recommendations for the future study and conclusion of the study.

#### **5.2 Overview of the findings**

The study aims at investigating the factors which could influence employees' job satisfaction among the employees of service companies' employees in Handan City China. Questionnaires distributed to 132 respondents, the researcher managed to collect back 79 from 3 service companies. There were 19 unusable questionnaires, and thus only 60 questionnaires were useful.

This study also perceived the dimension under the needs factors that have the biggest impact towards work fulfillment. This was done by using questionnaire containing three parts: Section (A) Items of factor that influence job satisfaction which is transactional leadership, Section (B) Items of factor that influence job satisfaction which is transformational leadership, Section(C) Information of respondents, Section (D) Information of the age group of respondents.

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### 5.3 Discussions

Generally, the main objective of the research conducted is to explain the factors that influence job satisfaction among the employees of service companies' in Handan City, China. In specific, the first and second objectives of the study is to examine the relationship between transactional leadership and employees' job satisfaction among service companies, and the relationship between transformational leadership and employees' job satisfaction among service companies. Third and fourth objectives focus in examining the difference in terms of gender and age groups in experiencing job satisfaction. While the fifth objective is to determine whether transactional and transformational leadership styles significantly explain the variance in job satisfaction among service companies in Handan City, China.

Based on analysis results, three hypotheses which are related to the relationship between independent variables and dependent variable are accepted. While the hypotheses on the difference of gender and age groups in relation to job satisfaction are not substantiated. The following paragraphs present further discussion on association of hypotheses with objectives of the study. .

**5.3.1 Objective One:** To examine the effects of transactional leadership style on job satisfaction among service companies' employees in Handan City, China.

Robbins, DeCenzo and Gao (2007) argued that, according to Maslow's hierarchy of Needs theory, job satisfaction are hierarchical. Specifically, transactional leaders would

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affect results in lower level job satisfaction, such as increased salaries and welfare for basic needs. Currently, economic condition is quite good in Handan City, employees usually not suffering because of money. So if just increase the salary, employees would not gain job satisfaction. Moreover, leaders with transactional leadership sometimes also assign heavy tasks on employees (Harms & Credé 2010). Heavy task normally could increase non-satisfaction factor.

**5.3.2 Objective Two:** To examine the effects of transformational leadership style on job satisfaction among service companies' employees in Handan City, China.

Based to the research, it showed that transformational leadership has a strong positive relationship with employees' job satisfaction. According to Paunonen, S.Lönnqvist, Verkasalo, Leikas and Nissinen (2006), in service company of Iran, transformational leadership style is prevailing style than other leadership styles. The result demonstrates that the subordinates' level of satisfaction is mid to over high level. As it were, from the present research, it could be seen that there is a relationship between the transformational leadership and employees' job satisfaction. Consequently, applying the result of this research to workplace could enhance employees' job satisfaction.

Moreover, based on Chaudhry, Javed and Sabir (2012), the relationship between transformational leadership and employees' motivation and job satisfaction is strong and significant.

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**5.3.3 Objective Three:** To determine whether transactional and transformational leadership styles significantly explain the variance in job satisfaction among service companies' employees in Handan City, China.

As stated before the outcome of the measurement on this hypothesis implied that 39 percent of variance in job satisfaction is influenced by transactional and transformational leadership styles. Transformational leadership was found to have greater influence on job satisfaction among service companies' employees in Handan City of China. This phenomenon is not uncommon as in the latest of social development worldwide, the level of human intellectuality is heightening. This means that people, or in specific workers are able to think rationally are will be more comfortable to work under a leader who is able to be a role model, to provide a clear vision and purpose of the organization as well as able to inculcate good norms and values in the organization. Workers in the modern organization will be more happy to work with leader who is considerate, always encourage learning and motivate them (workers) to take a challenge which at the end will benefit both workers and the organization. This circumstance can only be found under the transformational leadership, not in transactional leadership as it is know is more towards formalization in which the chances for workers to think rationally is rather limited.

**5.3.4 Objective Four:** To examine whether gender can influence job satisfaction among service companies' employees in Handan City China.

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Based on the result of the research, it showed that employees' gender is not a factor which can influence employees' job satisfaction. This is quite surprise as what we generally known, there are several differences between male and female workers due to physically difference in terms of the human nature. Some people claim that female workers are more prone towards job dissastisfaction as their conventionally characteristics or feminineness may cause them to be discriminated and bullied by dominant male workers especially at the managerial level. Female workers are also more likely to be under pressure due to the the household responsibilty which they normally shoulder at home. Hence, the extreme home demand may cause them to be unable to balance with the demand at the workplace. Consequently, it may lead to severe pressure which at the end will affect the level of job satsication.

However, an explanation from this finding can be seen from the the role that is being played by the leaders. According to Maslow hierarchy theory, both men's and women's needs level are same. So, as long as the transformational and transactional styles of leadership can fulfill this need the level of employees (in this regard, female workers) can be withstood or enhanced. Transactional style will use reward to satsify workers, while transformational style can inculcate the positive values among the workers and these values hinder the the flow of negative thinking towards workers' minds. Employess who have negative thought, attitude or perception towards their organization or specifically towards their superior and co-workers are more likely to engage with job dissasisfaction.

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**5.3.5 Objective Five:** To examine whether age can influence job satisfaction among service companies' employees in Handan City, China.

Based on the result of the research, it showed that employees' age is not a factor which can influence employees' job satisfaction. Employees get more job satisfaction because of the transformational leadership style. As long as got transformational leadership style, the employees include any group of age they can get job satisfaction. Also, according to Maslow hierarchy theory, age also not a factor for people's needs.

#### **5.4 Practical Implication**

Based on the result of the study, it showed that only transformational leadership style that could affect employees' job satisfaction among service companies' employees in Handan City of China. So that management should pay attention to this point, to turn this factor to be a strategy towards enhancing employees' satisfaction. Higher employees' job satisfaction would improve performance of organization.

#### **5.5 Recommendation for future Research**

There are many factors that could affect employees' job satisfaction and leadership style as what is being highlighted in this study are among of these factors. Leadership is a universal issue and is considered as one of the important aspects in the organization. Accordingly, future direction of research should look into this issue more comprehensively. In relation to this, more research that emphasise on the establishment

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of new constructs and different conceptual/theoretical frameworks or models should be conducted.

With regard to the issue of job satisfaction, the research scope on this issue should be widened as this could contribute to more reliable and meaningful research findings. Other variables such as salary, working environment, organizational structure and culture should be considered by the future research. In connection with organizational commitment, it is said that organizational commitment has strong relationship with job satisfaction (Lok, Crawford 1999). Previous studies have reported that employees who have high organizational commitment would have low rate of turnover as compared to those who do not have high organizational commitment. Employees who are lacking in organizational commitment normally dissatisfied with the job and consequently would try to quit. Some future studies, should also investigate the relationship between leadership styles and employees' job satisfaction and the role of organizational commitment as a mediating variables in this relationship.

## **5.6 Conclusion**

It has been proven through this study that the effect of the two leadership styles namely transactional and transformational leadership on job satisfaction exist among employees in service companies in Handan City of China. Eventhough there are some limitations in this study (especially in terms of number of companies involved which are too small), that could affect the generalisation of its findings to other work setting, it can somewhat

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reflect the real situation that occur in the organization. This information could help the management of the organization or companies to aware of the magnitude of these leadership styles (transactional and transformational). Subsequently, this could encourage leaders of the organization to use these style in order to avoid the job dissastifaction from becoming a prevalence pscychological phenomenon among employees in the organization.

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