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

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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 an age on job satisfaction. The study has strategic implications that the managers should pay attention to leadership style to improve employees’s 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**


**Kata kunci :** kepimpinan transaksi, kepimpinan transformasional, kepuasan kerja, regresi pelbagai
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE PAGE</td>
<td></td>
<td>i</td>
</tr>
<tr>
<td>PERMISSION TO USE</td>
<td></td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td></td>
<td>iii</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td></td>
<td>iv</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td></td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td></td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td></td>
<td>xii</td>
</tr>
</tbody>
</table>

## CHAPTER ONE: INTRODUCTION

1.1 Introduction 1
1.2 Background of Study 3
1.3 Problem Statement 6
1.4 Research Questions 8
1.5 Research Objectives 9
1.6 Significant of the Study 9
1.7 Scope of the Study 10
1.8 Limitations of the Study 10
1.9 Definition of Terms 11
1.10 Organization of the Thesis 13

## CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction 14
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2 Job Satisfaction</td>
<td>14</td>
</tr>
<tr>
<td>2.2.1 Hierarchy of Needs Theory</td>
<td>16</td>
</tr>
<tr>
<td>2.2.2 Herzberg’s Two-factor Theory</td>
<td>17</td>
</tr>
<tr>
<td>2.3 Leadership</td>
<td>18</td>
</tr>
<tr>
<td>2.3.1 Leadership Style</td>
<td>19</td>
</tr>
<tr>
<td>2.3.2 Transformational Leadership</td>
<td>19</td>
</tr>
<tr>
<td>2.3.3 Transactional Leadership</td>
<td>20</td>
</tr>
<tr>
<td>2.3.4 Theories of Leadership</td>
<td>22</td>
</tr>
<tr>
<td>2.4 The Relationship between Transactional and Transformational Leadership on Job Satisfaction</td>
<td>23</td>
</tr>
<tr>
<td>2.5 Conclusion</td>
<td>28</td>
</tr>
</tbody>
</table>

**CHAPTER THREE: RESEARCH METHODOLOGY**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Introduction</td>
<td>29</td>
</tr>
<tr>
<td>3.2 Research Framework</td>
<td>30</td>
</tr>
<tr>
<td>3.3 Research Hypotheses</td>
<td>31</td>
</tr>
<tr>
<td>3.4 Research Design</td>
<td>32</td>
</tr>
<tr>
<td>3.5 Population and Sampling</td>
<td>33</td>
</tr>
<tr>
<td>3.6 Instrumentation</td>
<td>34</td>
</tr>
<tr>
<td>3.7 Procedure of Data Collection</td>
<td>35</td>
</tr>
<tr>
<td>3.8 Procedure of Data Analysis</td>
<td>35</td>
</tr>
<tr>
<td>3.8.1 Reliability test</td>
<td>36</td>
</tr>
<tr>
<td>3.8.2 Pearson Correlation</td>
<td>38</td>
</tr>
</tbody>
</table>
CHAPTER FOUR: FINDINGS

4.1 Introduction 41
4.2 Frequency Distribution 41
4.3 Descriptive Analysis 49

4.3.1 Mean score for transactional leadership 49
4.3.2 Mean score for transformational leadership 50
4.3.3 Mean for Job Satisfaction 51

4.4 Reliability Test (Cronbach Alpha) 52
4.5 Pearson Correlation 53

4.5.1 The examination of relationship between transactional leadership style and job satisfaction among service companies’ employees in Handan Area of China. 53

4.5.2 The examination of relationship between transformational leadership style and job satisfaction among service companies’ employees in Handan Area of China. 54

4.6 Multiple Regression 55

4.6.1 The examination of the influence of transactional and Transformational leadership styles on job satisfaction 55

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

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.

4.7 Summary of Hypothesis Testing

4.8 Conclusion

CHAPTER FIVE: DISCUSSION, CONCLUSION AND RECOMMENDTION

5.1 Introduction

5.2 Overview of the Findings

5.3 Discussions

5.3.1 Objective One

5.3.2 Objective Two

5.3.3 Objective Three

5.3.4 Objective Four

5.3.5 Objective Five

5.4 Practical Implication

5.5 Recommendation for Future Research

5.6 Conclusion

REFERENCES

APPENDIX

Appendix A

Appendix B
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1 The Sum of Reliability Test</td>
<td>38</td>
</tr>
<tr>
<td>Table 3.2 Interpretation of Coefficient Correlation</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.1 Frequency Distribution (Gender)</td>
<td>42</td>
</tr>
<tr>
<td>Table 4.2 Frequency Distribution (Age)</td>
<td>44</td>
</tr>
<tr>
<td>Table 4.3 Frequency Distribution (Educational Level)</td>
<td>45</td>
</tr>
<tr>
<td>Table 4.4 Frequency Distribution (Working Experience)</td>
<td>47</td>
</tr>
<tr>
<td>Table 4.5 Mean Score of transactional Leadership</td>
<td>49</td>
</tr>
<tr>
<td>Table 4.6 Mean Score of transformational Leadership</td>
<td>50</td>
</tr>
<tr>
<td>Table 4.7 Mean Score of Job Satisfaction</td>
<td>51</td>
</tr>
<tr>
<td>Table 4.8 Cronbach Alpha Transactional leadership</td>
<td>53</td>
</tr>
<tr>
<td>Table 4.9 Cronbach Alpha Transformational leadership</td>
<td>54</td>
</tr>
<tr>
<td>Table 4.10 Cronbach Alpha Job satisfaction</td>
<td>55</td>
</tr>
<tr>
<td>Table 4.11 Correlation Between Transactional Leadership and Job Satisfaction</td>
<td>56</td>
</tr>
<tr>
<td>Table 4.12 Correlation Between Transactional Leadership and Job Satisfaction</td>
<td>57</td>
</tr>
<tr>
<td>Table 4.13 Model Summary of Transformational Leadership, transformational Leadership and Job Satisfaction</td>
<td>57</td>
</tr>
<tr>
<td>Table 4.14 Anova</td>
<td>59</td>
</tr>
<tr>
<td>Table 4.15 Coefficients(a)</td>
<td>60</td>
</tr>
<tr>
<td>Table 4.16 T-Test between Employees’ Gender on Job Satisfaction</td>
<td>61</td>
</tr>
</tbody>
</table>
Table 4.17 Anova Test between Employees’ age on job satisfaction 59

Table 4.18 Summery of Hypotheses Testing 60
## LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 3.1 Research Framework</td>
<td>30</td>
</tr>
<tr>
<td>Figure 4.1 Frequency Distribution (Gender)</td>
<td>43</td>
</tr>
<tr>
<td>Figure 4.2 Frequency Distribution (Age)</td>
<td>44</td>
</tr>
<tr>
<td>Figure 4.3 Frequency Distribution (Educational level)</td>
<td>46</td>
</tr>
<tr>
<td>Figure 4.4 Frequency Distribution (Working Experience)</td>
<td>48</td>
</tr>
</tbody>
</table>
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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Reference


