

Leadership Styles and Employee Satisfaction: A Correlation Study

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ABSTRACT

The purpose of this quantitative correlation study was to determine the extent to which leadership style preferences correlate with employee satisfaction with supervision among employees and leaders of some companies. This study measured preferences for each of five common leadership styles and examined correlations with measures of employee satisfaction. The styles studied were transactional leadership, transformational leadership, autocratic leadership, charismatic leadership, and situational leadership. Results indicated that each of the five leadership styles has a positive correlation with employee satisfaction, suggesting that the situational leadership style may be the most appropriate style for leaders in some companies.

Keywords: transactional leadership; situational leadership; transformational leadership; autocratic leadership; charismatic leadership; effectiveness and quantitative correlation

1. INTRODUCTION

The global geopolitical situation in the twenty-first century is changing and requiring businesses to engage in creating new organizational paradigms to meet and thrive with changing circumstances, technology, and globalization (Glaser, 2012). To succeed, businesses must design dramatically different organizational paradigms from those paradigms used in the past. Businesses in smaller countries must look to innovative leadership styles that will increase employee morale to remain competitive in the emerging global community and global markets to attract investors (Moore, 2013). Dynamic leadership boosts productivity and generates better services and products to global consumers. With globalization, a country's success is no longer linked exclusively to itself and its own internal resources. Instead, the world marketplace affects each country.

There have been limited studies in the past to demonstrate the effect of transactional, transformational, autocratic, charismatic, and situational styles on the effectiveness of Iranian organizational leadership. Lack of researches in the past made some organizations unable to realize there is a meaningful relation and positive correlation between probable award, job satisfaction, entrustment of power, and way of control and management and the managers' effectiveness. Researches did not show that exchange leadership style has a direct relation with the managers' effectiveness while each of the five leadership styles has a reversal relation with the managers' effectiveness.

The major contribution of this study, however, is to investigate that each of the five leadership styles has a positive correlation with employee satisfaction, suggesting that the situational leadership style may be the most appropriate style for leaders in some organizations. This study will intend to improve and complete if managers use more situational style their effectiveness, job satisfaction and commitment to organization will be increased. Paying more rewards to managers and employees will increase effectiveness.

2. BACKGROUND

An quantitative, correlation research study is important because it may determine the relationship between the leadership styles of supervisors and employee satisfaction with supervision in most companies. A company's structure, leadership style, and policies set the tone for employee satisfaction and morale (Houghton & Yoho, 2012). The most common structure in some companies is based on a pyramid-shaped hierarchy in which various entities within the organization communicate in a top-down fashion.

Businesses must consider creative leadership styles, specifically with regard to meeting the demands of the global market. For companies to flourish, they must adopt a more global outlook, specifically in terms of leadership paradigms. Global investors look for companies that not only have resources but also foster a healthy community in and among their employees (Houghton & Yoho, 2012). Outside investors spark increased productivity, vitality, and improvement in local economies. Corporations have always confronted the challenges of integrating both new technologies and changes in the marketplace.

Power, responsibility, and the ability to make changes are often concentrated at the top of the corporate pyramid with decision-making power flowing from the top to the bottom. Generally, in such structures staff members communicate chiefly with their superiors rather than top-level decision makers. The hierarchical structure of successful companies in addition to companies confronting obstacles to making the leap into the world marketplace are of special interest because research can reveal how to foster success and make the changes necessary to bridge the gap (Hasgall & Shoham, 2008). Companies must examine their corporate culture to determine which structures currently in place are helpful and which are detrimental to moving effectively from the local to the global marketplace.

3. THEORETICAL FRAMEWORK

There are little researches on each of five leadership styles and their relation with managers' effectiveness and most research in this area led to the relationship between other factors are discussed. Results from this study also showed that situational leadership style and effectiveness of subordinates are related.

An quantitative, correlation research study dealt with the broad theoretical area of leadership styles. Other researchers in the field discussed leadership styles in terms of motivating people, implementing plans, and providing direction both on an individual and company-wide level (Bass, 1990). Leaders guide, direct, and encourage employees to reach the company's goals. Diligent leaders create positive outcomes (Glaser, 2012). Productivity in leadership sets a good example. Honesty and integrity are highly valued in a leader, and honest, forthright leaders set a standard for others (Kouzes & Posner, 2013). Kouzes and Posner suggested leaders highlight their successes when they feel they have reached a

personal best, which usually occurs when a new opportunity arises, coupled with their ability to make changes effectively and seamlessly. A diligent leader is willing to accept suggestions from both outside and within the company (Glaser, 2012). An effective leader is proactive about seeking out counsel and views mistakes or shortcomings as an opportunity to change for the better. Leadership theory includes five different leadership styles.

3. 1. Transactional Leadership

Transactional leadership theories proposed an exchange of wants between leaders and followers (Avolio, 2007). Exchange theories as seen in the vertical-dyad linkage model and the multiple screen model show the behavior of the leader and follower as bargaining between the power to accomplish goals rather than the power over another individual (Bass, 1990). Transactions may be tangible or psychic; however, these relationships do not last long. Transactional leadership concerns itself with granting, rather than exerting, power.

3. 2. Transformational Leadership

Burns first presented transformational leadership as a concept in 1978. Bass expanded Burns' notions and principles (Northouse, 2004). Studies on transformational leadership show leadership style enables followers to rise to a higher level of performance than normally possible. Transformational leaders are best at inspiring and communicating the organizational vision (Houghton & Yoho, 2012). Avolio (2007) provided a commonly held definition: transformational leadership helps people to achieve their mission and to renew their commitment to specified goals. Transformational leadership helps people to achieve their mission and to renew their commitment to specified goals. To be a successful transformational leader, an individual must be well versed in effecting positive change through skills, which generate good leadership in others.

3. 3. Autocratic Leadership

Autocratic leadership asserts absolute power and influence over followers and demands from them absolute submission. Autocratic leaders have been nurtured by communities and cultures that have naturally accepted hierarchical structures in leadership which legitimizes unequal relationships between subordinates and superiors. These communities often demand dutiful fulfillment of assigned roles, tendencies toward deference, and compliance with authority tending to produce autocratic leaders. Autocratic leadership has fallen from commonplace to lowest in popularity, possibly a result of comparatively low levels of job satisfaction under autocratic leaders (Kerfoot, 2013).

3. 4. Charismatic Leadership

Charismatic leaders promise better opportunities. Charismatic leaders are agents of change and articulate an idealized future for the organization. They are successful when they can project a vision that resonates with employees. Charismatic leaders inspire followers to focus on broader organizational interests beyond their self-interests. Followers must trust their perception of the charismatic leader's credibility. This determines the extent of the followers' identification with the leader and their commitment to the vision (Choi, 2011).

3. 5. Situational Leadership

Situational leadership, according to Farmer (2012), can be used appropriately by leaders as a development and training leadership style. Situational leadership allows leaders to communicate openly and honestly with employees while simultaneously developing a sense of competence and independence in employees.

Farmer believed that a core competency of the situational style is the ability of leaders to diagnose employees' characteristics in order to use the appropriate leadership style. Situational leaders give guidance and direction to subordinates to complete tasks or objectives. Situational leadership is challenging because this style requires leaders to be able to respond quickly and innovatively when confronted with various scenarios.

Situational leaders consider adopting different leadership styles depending on a whole host of factors, including circumstances, resources, and people involved, in order to cultivate consumer and employee satisfaction in addition to company profits (Long & Spurlock, 2013). A leader engaging in situational leadership is flexible, malleable, and able to change styles depending on conditions.

4. RELATIONSHIP TO EMPLOYEYEE SATISFACTION WITH SUPERVISION

Every manager has his or her own style. Some managers are classified as hard or autocratic, meaning they are characterized by having important values such as high-level ambition, achievement, and risk taking.

Other managers use the soft approach characterized by loyalty, trust, compassion, and a high regard for relationships. Employees will perform much better and be more loyal to a manager who uses the soft approach. Courtesy, humor, and moral integrity are other qualities that are important for a good manager (Ghosh, 2008).

What skills will be required of the twenty-first century managers and leaders to be effective (Smith, Bergey, Cantwell, & Doran, 2012)? Conceptually, these skills have changed little since Katz (2011) introduced his model of management skills more than 50 years ago. Katz divided an effective manager's skills into three basic categories of technical skills, human skills, and conceptual skills. Although modern managers are certainly required to possess a much higher degree of human skills than in the past, these basic categories still accurately classify the skills necessary to be an effective manager in the twenty-first century.

According to Akehurst, Comeche, and Galindo (2013), job satisfaction comes from a positive experience with a job which results in a pleasurable emotion. Spjut (2004) believed job satisfaction is an individual measure of an employee's work-related values and whether or not they have been achieved. Some identify a *flow* of job satisfaction.

This flow refers to a state of effortless absorption and enjoyment of the work activity in itself (Duserick, Huang, & Dai, 2007). When an employee's skill fits the work activity, the flow increases, so that it is also higher at work than in leisure. Job satisfaction is also impacted by the work environment.

5. POPULATION / SAMPLE

A study's population is the total entity from which the research seeks a specified type of knowledge (Creswell, 2013). Based upon personal interactions and communications with employees, the total population of leaders at the National Iranian Oil Company (NIOC)

exceeds the 210 leader surveys distributed; 140 leaders returned surveys. Among approximately 100,000 employees, 500 employees received surveys and 329 employees returned surveys.

The leaders and employees were employed in one oil company in Tehran, Iran. The leaders and employees were invited twice to participate on a volunteer basis. The surveys were completed during work hours as an incentive to participate.

The groups of leaders and employees included females and males, who had different levels of education, worked in different departments, worked on different production shifts, and had different lengths of employment in the NIOC. The estimated length of employment ranged from 1 to 20 years in the organization.

6. DATA ANALYSIS

The participants consisted of 329 employees and 140 leaders participated in the study. Of the leaders, 90 (64 %) were male and 45 (32 %) were female with five not reporting gender (see Table 2). Of the employees, 230 (69 %) were male and 80 (24 %) were female. Table 3 provides the distribution of the leaders and employees by age.

Of the employees, 12 % ranged from age 20 to 30, 62 % ranged from 31 to 40, 27 % ranged from 40 to 50, and 40 % were older than age 50 (see Table 3). Among the leaders, 13 % ranged from 20 to 30, 26 % ranged from 31 to 40, 34 % ranged from 40 to 50, and 23 % were older than age 50.

One survey was disregarded and destroyed because more than 30 % of the questions were left unanswered.

Table 1. Participants by gender and type.

	Female	Male	Not Reported	Total
Leaders	45	90	5	140
Employees	80	230	19	329
Total	125	320	24	469

Table 2. Participants by age and type.

	Age 20-30	Age 31-40	Age 41-50	>Age 51	Not Reported	Total
Leaders	27	30	46	37	0	140
Employees	40	59	92	128	1	329
Total	59	91	135	165	1	469

Table 3. Participants by education and type.

	Primary	Secondary	Associate	Bachelor's	Master's	Doctoral	Blank	Total
Leaders	12	12	24	40	38	1	13	140
Employees	4	238	66	17	3		4	329
Total	16	250	90	57	41	1	17	469

The leader survey in this study assessed leader perceptions of their personal leadership style; this section presents leadership style preferences overall and based on age, gender, and education. Because the indication of a leadership style preference was not mutually exclusive, leaders could express a preference for more than one style of leadership, resulting combinations of preferences.

Table presents the leadership style preferences indicated by the leaders responding to the survey by gender.

Table 4. Leader perceptions of preferred leadership style.

Preferred Style	Number	Percent
Autocratic	4	2.9
Charismatic	137	97.9
Situational	76	54.3
Transactional	0	0.0
Transformational	98	70.0
No Preference	3	2.1

Table 5. Leader perceptions of combined leadership style preferences.

Preferred Style	Number	Percent
Charismatic	36	25.7
Charismatic-Situational	1	0.7
Transformational-Charismatic	24	17.1
Transformational-Charismatic-Situational	72	51.4
Transformational-Autocratic-Charismatic-Situational	3	2.1
No Preference	3	2.1
Total	140	100.0

Table 6. Leader leadership style preferences by gender.

Preferred Style	Females		Males		Unknown
	Number	%	Number	%	
Charismatic	17	38.6	17	18.9	
Autocratic-Charismatic	1		0	0.0	
Charismatic-Situational	0	0.0	1	1.1	
Transformational-Charismatic	11	25.0	12	13.3	
Transformational-Charismatic-Situational	15	34.1	55	16.7	
Transformational-Autocratic-Charismatic-Situational	1	2.3	2	2.2	
No Preference	0	0.0	3	3.3	5
Total	45	100.0	90	100.0	5

P-value measures the likelihood that the results, the differences in responses between one or more populations, could have been random. A p-value of 0.05 says that the probability that the results were due to random variation is 5 %. A p-value of 0.05 is common in statistical analysis.

The p-value provides confidence that the possibility of concluding that the data supports the null hypothesis that the variance between two or more data sets is not random when it was actually random, is 95 % and that the chances of concluding that the data does not support the null hypothesis because the variance was random, when in fact the variance was not random, is 5 % (Gravetter & Wallnau, 2006).

The Multifactor Leadership Questionnaire evaluates the leader's alliance with the transformational leadership style (Snodgrass & Shachar, 2008). The MLQ uses a scale of measurement derived from a Likert-type scale with answers from 1 to 5 and 1 to 7 for each question.

This study asked participants to answer honestly and descriptively in reference to their own feelings and experiences working at the NIOC. Certain questions were specifically directed toward revealing the participants feelings about each of the five different leadership styles. Some questions used rating scales from 1 to 5, where 1 = *rarely*, 2 = *seldom*, 3 = *occasionally*, 4 = *often*, 5 = *always*. Other scales included 1 to 5 scales where 1 = *strongly disagree*, 2 = *disagree*, 3 = *neutral*, 4 = *agree*, 5 = *strongly agree*; and 1 = *never*, 2 = *hardly*, 3 = *seldom*, 4 = *occasionally*, 5 = *often*, 6 = *usually*, 7 = *always*.

6. 1. Situational leadership preference and job satisfaction

A preference for a situational leadership style ($r^2 = 63.6\%$, $p < 0.001$; $F(1,327) = 571.2$, $p < 0.001$; see).

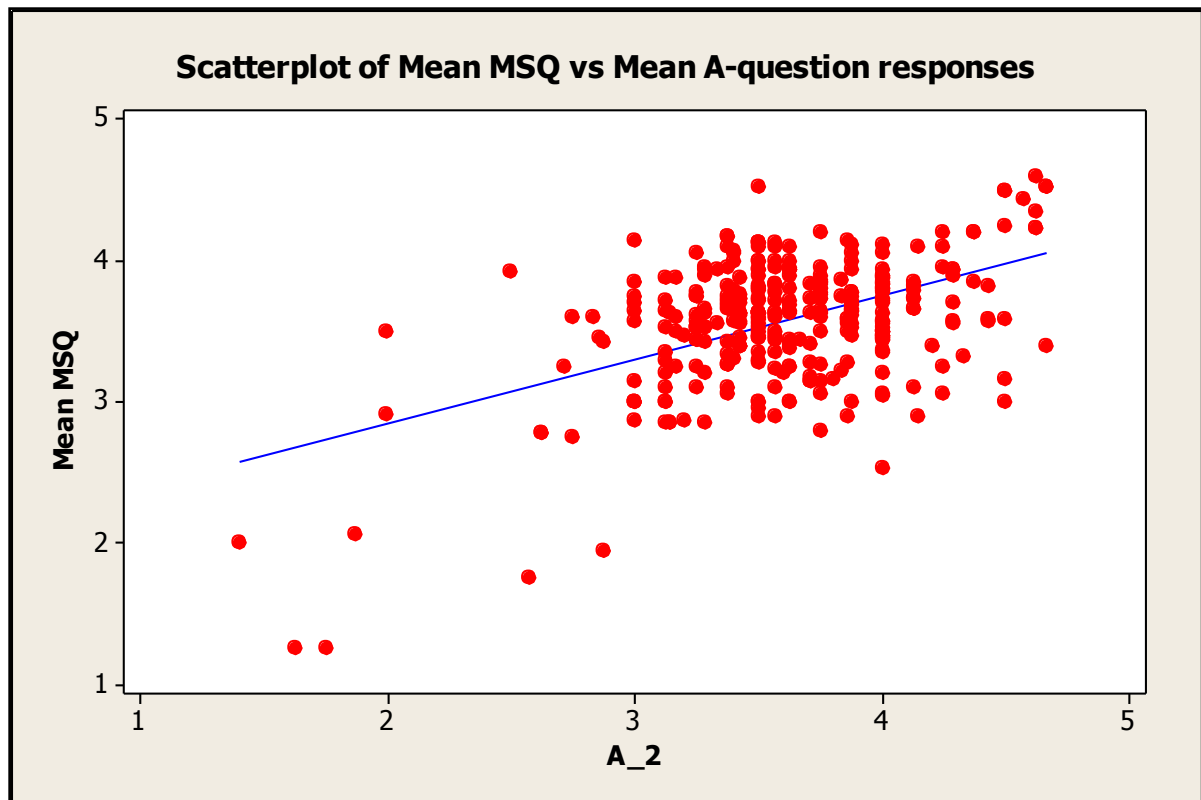


Figure 1. Scatterplot of MSQ as a function of Autocratic Leadership preference.

The regression equation is $\text{Mean MSQ} = 3.34 + 0.0643 C_2$

326 cases used, 3 cases contain missing values

Predictor	Coef	SE Coef	T	P
Constant	3.3358	0.1263	26.42	0.000
C_2	0.06433	0.03302	1.95	0.052

S = 0.444632 R-Sq = 1.2% R-Sq(adj) = 0.9 %

Analysis of Variance

Source	DF	SS	MS	F	P
Regression	1	0.7507	0.7507	3.80	0.052
Residual Error	324	64.0540	0.1977		
Total	325	64.8047			

Figure 2. Correlation analysis, job satisfaction as a function of Charismatic Leadership.

emerged with a corresponding significant relationship based on the aggregate rather than mean score on the situational preference items $F(146,182) = 5.06, p < 0.001$).

The mean rating for the 329 employee responses to the 30 questions related to situational leadership preference ranged from 1.43 to 4.67 with a total of 147 separate values for the mean response (see Figure). The mean rating for the 329 employee responses to the 20 MSQ questions indicating job satisfaction ranged from 1.25 to 4.6 with a total of 117 separate values for the mean response. Analysis of the correlation between mean response on the situational leadership items and mean response on the job satisfaction items shows a positive and significant correlation.

One-way ANOVA: Situational Leadership versus Gender					
Source	DF	SS	MS	F	P
Gender	2	0.135	0.068	0.49	0.611
Error	308	42.261	0.137		
Total	310	42.397			
S = 0.3704 R-Sq = 0.32% R-Sq(adj) = 0.00 %					

Figure 3. Gender as a predictor of preference for Situational Leadership (mean basis).

One-way ANOVA: Transactional Leadership versus Gender					
Source	DF	SS	MS	F	P
Gender	2	1.081	0.541	0.61	0.546
Error	271	241.579	0.891		
Total	273	242.661			
S = 0.9442 R-Sq = 0.45% R-Sq(adj) = 0.00 %					

Figure 4. Gender as a predictor of preference for Transactional Leadership (mean basis).

One-way ANOVA: Transformational Leadership versus Gender					
Source	DF	SS	MS	F	P
Gender	2	0.112	0.056	0.40	0.669
Error	308	42.840	0.139		
Total	310	42.952			
S = 0.3730 R-Sq = 0.26% R-Sq(adj) = 0.00%					

Figure 5. Gender as a predictor of preference for Transformational Leadership (mean basis).

Job satisfaction appears to have a non-random relationship with situational leadership style. It does not appear that a preference for situational leadership style is a better indicator of job satisfaction than a preference for any of the other leadership styles. No correlation emerged for the relationship between a preference for transactional leadership and question 65, employees actively searching for a new position ($r^2 = 0.0\%$, $p = 0.955$).

6. 2. Hypothesis-Situational leadership style and employee satisfaction

Leaders in this study were surveyed to determine their leadership style. Employees were also surveyed to determine specific leadership characteristics they preferred. These answers and characteristics were compared to current leadership literature and theories to generalize the answers and determine preference of leadership styles and the leadership style that would bring about the highest amount of job satisfaction.

The regression equation is Mean MSQ = 0.059 + 0.969 S_2					
Predictor	Coef	SE Coef	T	P	
Constant	0.0595	0.1478	0.40	0.688	
S_2	0.96862	0.04053	23.90	0.000	
S = 0.269316 R-Sq = 63.6% R-Sq(adj) = 63.5 %					
Analysis of Variance					
Source	DF	SS	MS	F	P
Regression	1	41.430	41.430	571.20	0.000
Residual Error	327	23.718	0.073		
Total	328	65.148			

Figure 6. Correlation analysis, job satisfaction as a function of Situational Leadership preference (mean basis).

One-way ANOVA: Job Satisfaction (Mean MSQ) versus mean score, Situational Leadership preference questions (S_2)					
Source	DF	SS	MS	F	P
S_2	146	52.2612	0.3580	5.06	0.000
Error	182	12.8865	0.0708		
Total	328	65.1478			
S = 0.2661 R-Sq = 80.22% R-Sq(adj) = 64.35 %					

Figure 7. One-way ANOVA, job satisfaction versus Situational Leadership preference (mean basis).

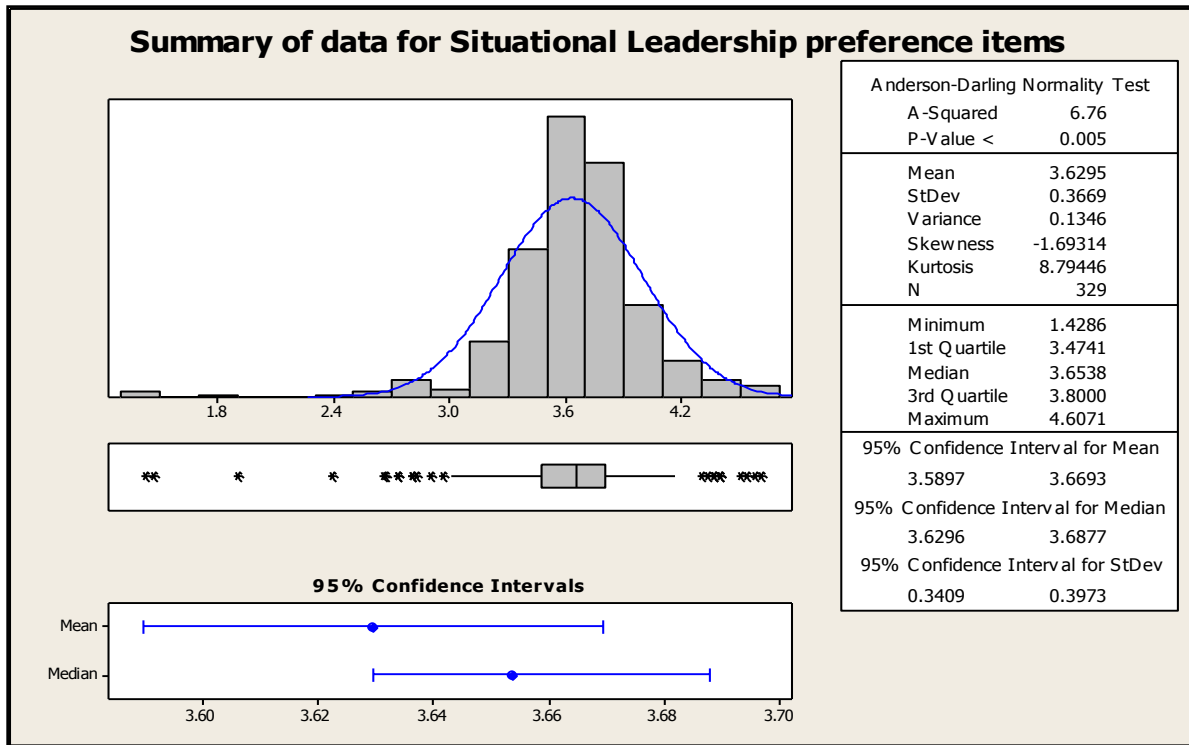


Figure 8. Mean values of the Situational Leadership questions.

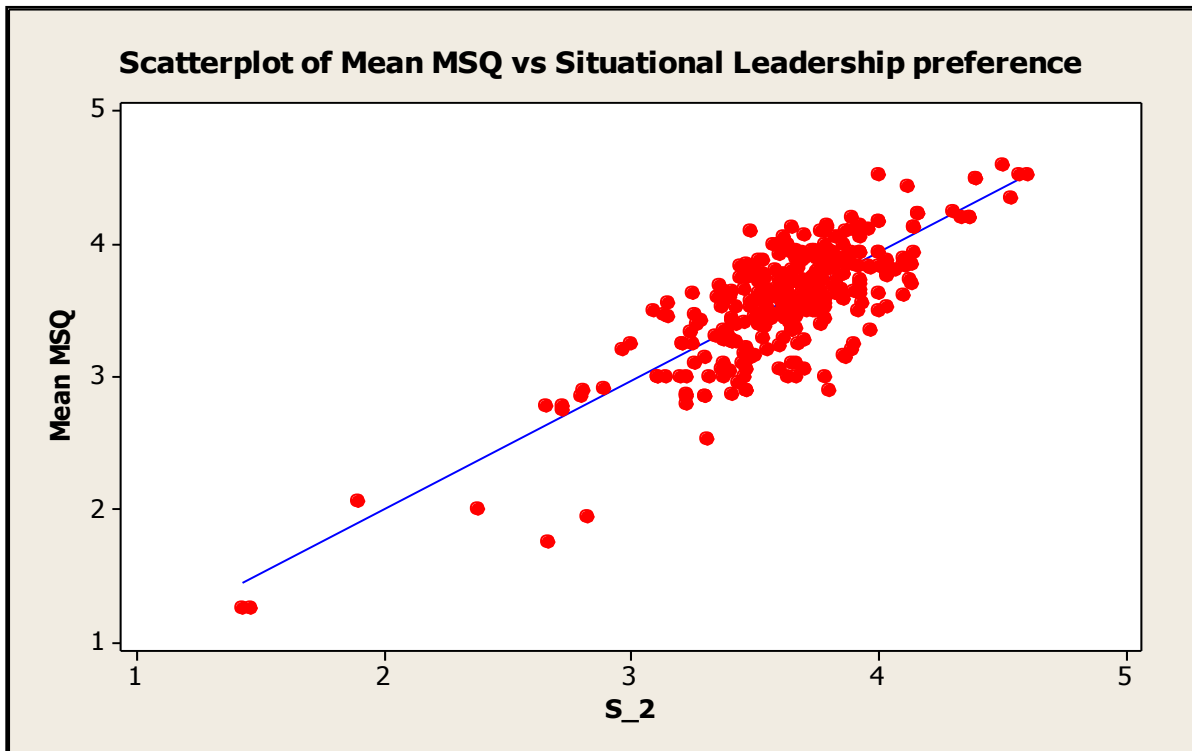


Figure 9. Scatterplot of MSQ as a function of Situational Leadership preference.

Table 7. Summary of Correlations between job satisfaction and leadership style preference.

Preferred Style	Correlation with Job Satisfaction (r^2)	P Value	Hypothesis
Transactional	6.0%	< 0.001	1
Transformational	34.4%	< 0.001	2
Autocratic	24.3%	< 0.001	3
Charismatic	1.2%	0.048	4
Situational	63.6%	< 0.001	5

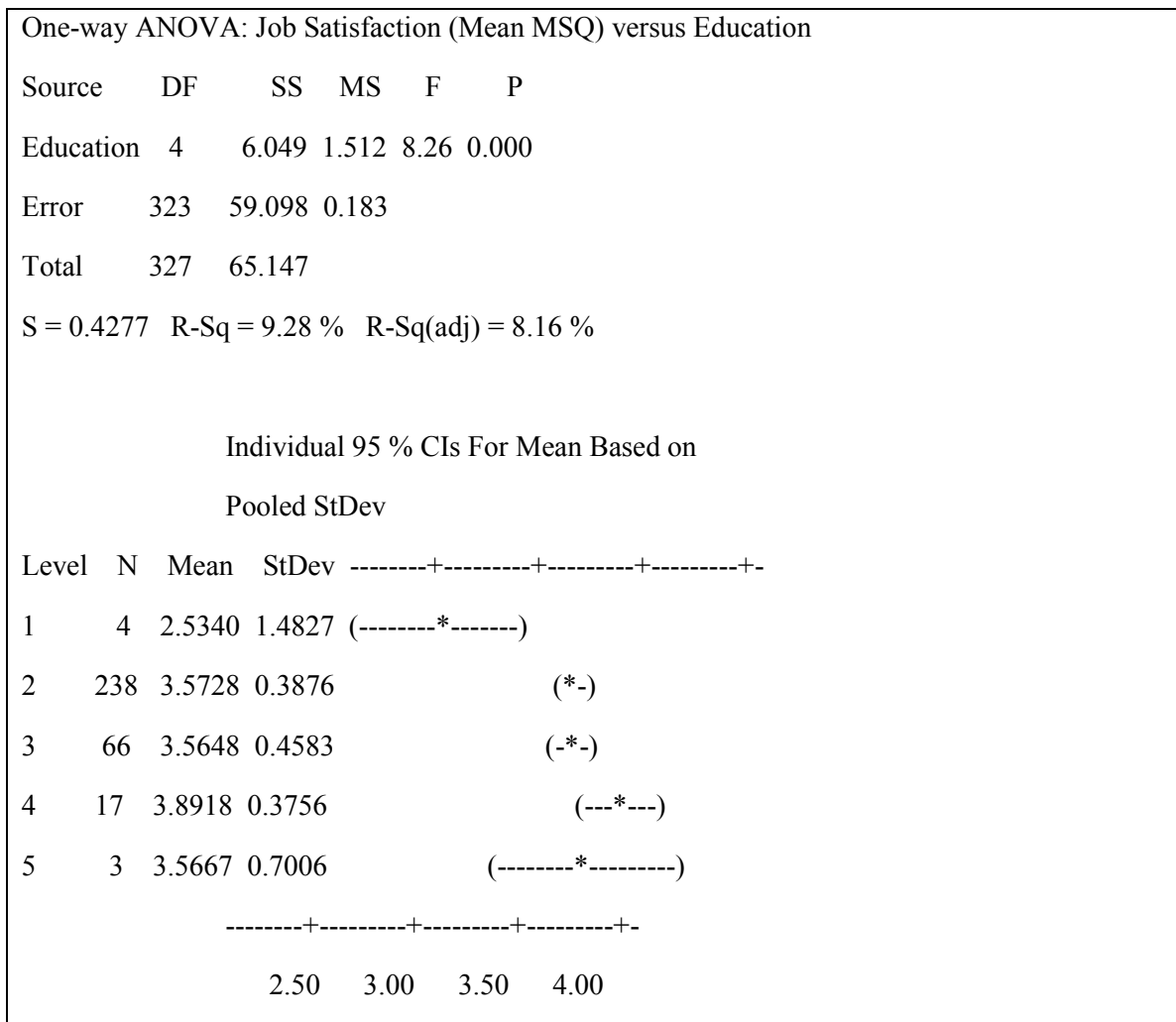


Figure 10. One-way ANOVA, job satisfaction versus education level.

The MLQ indicates a significant, positive relationship between situational leadership and employee satisfaction with supervision. Correlation analysis between the mean responses on the MSQ and autocratic style preference items ($r^2 = 63.6\%$, $p < 0.001$) indicated a correlation and an apparent relationship between preference for the autocratic leadership style and job satisfaction (Table).

One-way ANOVA on the aggregate situational leadership style index and the responses to the job satisfaction questions indicated a correlation and an apparent relationship between preference for the situational leadership style and job satisfaction ($F(146,182) = 5.06$, $p < 0.001$; see

Figure). Null Hypothesis 5 is therefore rejected and Hypothesis 5 is supported.

7. CONCLUSIONS / RECOMMENDATIONS

The results of this study indicated that each of five leadership styles has a positive correlation with employee satisfaction with supervision. An analysis of variance found no significant differences in employee satisfaction based on gender or age and a significant difference in employee satisfaction based on age. The results of this research shows that there is a significant relationship between each of five leadership styles and management effectiveness. If managers use more situational style their effectiveness, job satisfaction and commitment to organization will be increased. Paying more rewards to managers and employees will increase effectiveness. Regression analysis and analyses of variance (ANOVA) for leadership styles and job satisfaction as a function of or related to various variables were implemented using Statistical Package for the Social Sciences (SPSS). ANOVA is an inferential statistical method used when measuring the differences among group means. When investigating the effect of an independent variable (leadership styles) on continuous dependent variables (employee satisfaction), this method helps to further analyze results (Gall, Gall, & Borg, 2010). One-way ANOVAs were performed to answer the study's research questions and to determine correlations between employee job satisfaction and both leadership style preference and employee demographic variables. Three criteria of the variables must be met for the ANOVA to be valid: (a) the variables must be mutually exclusive; (b) variances among the groups should be equivalent (homogeneity of variance); and (c) there must be normal distribution among the dependent variable. Longitudinal studies are also recommended for future research of leadership styles and employee satisfaction. Future studies should examine a range of other industry organizations across several years of operations. This study should examine organizations, with a range of organizational tenure and maturity, from organizations in the start-up phase to well-established enterprises. Researchers can use those findings to determine the extent that changes in top leadership personnel, changes in the organizational culture, and changes in the external environment might influence the leadership styles used in the organization and employee satisfaction.

Further research should be conducted to determine whether the use of one or more specific leadership styles by leaders in different organizations increases leadership effectiveness, employee commitment, and employee conformity to the organizational culture.

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