

AN EVALUATION OF THE ROLE OF LEADERSHIP ON EMPLOYEES' JOB SATISFACTION

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Abstract

The construct leadership is an engrossing shared phenomenon that takes place in all organisations regardless of its business focus, financial performance, geography, philosophy or nationality. As a construct, leadership can be complex and equally diverse in organisations. Therefore the distinction between leaders and non-leaders creates controversial debates on the theory and practice of leadership in organisations. In this debate, employees as followers are seldom afforded the opportunity to evaluate the impact of leadership on their job satisfaction; especially in the twenty first century world of work. It is the aim of this study to evaluate the role of leadership on employees' job satisfaction; using a sample of n= 80 participants who are employees of a debt collection division. Data was collected using the Multifactor Leadership Questionnaire (MLQ) and the Job Satisfaction Survey (JSS). Descriptive and inferential analysis results indicate that there are significant relationships between transformational, transactional and laissez-faire leadership with job satisfaction dimensions. This study indicates that to improve employees' job satisfaction it is essential that the current leadership in the organisation reflects an ideal or preferred leadership approach for its employees. Practical implications of the findings are discussed and recommendations for future research are explained.

Keywords: Job Satisfaction, Leadership, Transformational, Transactional, Laissez-Faire

1. INTRODUCTION

Leadership makes a huge contribution to employee satisfaction in organisations. When employees do not think they are being led effectively, they find it difficult to be fulfilled at work (Leimbach, 2006). Different types of leadership play a role in influencing employee satisfaction; through a reflection of an understanding of employees' problems and needs, considering their suggestions when making decisions and showing the necessary concern for their problems (Küskü, 2001). Satisfaction stems from not only leading others in the technical side of the roles they fulfil, but also being understood in other areas that may not even be work related. Leaders have to build relationships with their employees as followers. A good relationship becomes essential as there is a need to understand an employee's professional input, give constructive criticism and show consideration of the employees. The latter factors are driven by communication between the two parties and how they treat one another in the relationship (Sageet, Rafat, & Agarwal, 2012).

Because of the different contexts in which leadership occurs, there is interest to focus on the importance of the leadership approaches in the business environment. The business environment is also extremely wide and subdivided into various industries. The debt collection services as a business environment; it uses its leadership as an operating tool to positively influence employees' behaviour, attitudes and performance. Financial organisations are striving to retain their employees satisfied at all

times; in order to sustain increased levels of work attendance, employee well-being, commitment, performance, creativity and innovation (Griffin, 2002). The reason organisations or businesses exist is simply to make profits, and profits are generated through employees' high performance (Drotter, 2003). Of all the other factors that contribute to employee satisfaction, leadership is regarded as the most important (Sageer, *et al*, 2012). Research has shown that employees are more productive when leaders behave in a manner that is preferred by employees for them to be fulfilled (Luthans, 2008; Leimbach, 2006; Griffin, 2002). It is argued that leadership spurs employees to achieve their optimal performance levels in line with their satisfaction level which, in turn, contributes to job performance (Aamodt, 2010).

It is imperative to investigate how employees are being led in order to evaluate the importance of leadership in enhancing employee's job satisfaction in a debt collection environment. The way in which employees are led is governed by the choice of a leadership approach. The effect of the leadership approaches on employee behaviour and attitudes need to be investigated; in order to develop the relevant theoretical and practical framework of leadership in organisations.

2. LITERATURE REVIEW

This section explores the existing literature to conceptualise the construct leadership and job satisfaction as variables of this study.

2.1. Leadership and its approaches

According to Brester, Carey, Grobler, Holland, and Wärmich (2008), there are more than 300 collected definitions of leadership as the process of influencing the activities or the behaviour of an individual or groups. The aim of influencing employees is to achieve organisational goals through the process of articulating the vision, embodying values and creating the environment within which tasks can be accomplished. Descriptions of leadership highlight that the role of inspiring and influencing others to willingly follow a particular direction. The two main factors that can be identified in this definition are the influential part and the willingness to be influenced. Leaders need to be able to influence employees and employees need to be able to accept and follow their leaders' direction.

The available literature on leadership approaches and definitions is vast. According to Yukl (2010) various approaches to leadership are based on the traits, behavioural, situational and contemporary theories. To limit the scope of this study; the focus is on the following three leadership approaches based on Luthans (2008):

Transactional leadership: Transactional leadership is an approach that is one directional in nature (Luthans, 2008). The leader fulfils the needs of employees in exchange for them performing well to meet the leader's expectations (Bennis, 1989; Brester *et al*, 2008). A leader-employee relationship exists only when employees work and expect to be rewarded for the work they are doing. Often this approach is autocratic in nature as employees had to work at tasks without consultation. Avolio and Gardner (2005) argue that the outcome of performance does not benefit employees, but it is for the leader's advantage.

Transformational leadership: Contrary to the transactional approach, the transformational leadership is based on the principles that leaders using this approach focus on shifting the values, beliefs and needs of their employees. This leadership approach is two directional and its outcomes mutually benefit all parties involved (Gardner, Avolio, & Walumbwa, 2005). Burns (2010) describes transformational leader as someone who addresses the needs and motivations of employees as well as promote dramatic changes at individual, group and organisational levels. Hence they are highly favoured in organisations because they are considerate of their employees' needs. Transformational leaders promote development in those that they lead because they want to see their employees being future leaders. This leadership approach is described as being idealised, inspiring, intellectual and individualised (Luthans, 2008). Similar to authentic leaders, transformational leaders also seek to inspire and develop others as a need within themselves (Brester *et al*, 2008). Such leaders are aware of their own behaviour and they can identify the need to lead; in order to achieve their own personal fulfilment.

Laissez-faire leadership: It is also known as a delegative leadership style the leaders are hands-off and allow their followers to make the decisions (Luthans, 2008). Researchers have found that this is

generally the leadership style that leads to the lowest productivity among employees (Burns 2010; Yukl 2010). Gardner, *et al* (2005), argues that laissez-faire leadership is characterized by very little guidance from leaders, complete freedom for followers to make decision; leaders provide the tools and resources needed and followers are expected to solve problems on their own.

This implies that power is handed over to the followers, yet the leader still takes accountability for the organisational decisions and actions. Comparable to other leadership approaches, this leadership style has both a number of benefits and shortcomings. Laissez-faire leadership approach can be effective in situations where followers are highly skilled, self-driven and capable of working on their own (Robbins *et al*, 2009; Luthans, 2008; Gardner *et al*, 2005). Hence it is not ideal in situations where followers or employees lack the knowledge or experience they need to complete their tasks and make decisions. Laissez-faire leaders are often perceived as detached and reserved, which can lead to a lack of direction within the organisation (Avolio & Gardner, 2005).

These three leadership styles reflect the differences in their practise in organisations. Hence leaders are inclined to adopt an approach that is congruent with their personal beliefs, values and experience. It is these variations in the choice and practice of leadership that makes this construct to be complex and multidimensional in nature.

2.2. Job satisfaction and its factors

The Oxford English dictionary (2007) defines satisfaction as a state of being pleased because one has what one wants and needs. It further describes satisfaction as being fulfilled. In the work context, employee's job satisfaction is associated with employees being fulfilled in their work. Mostly referred to as employee satisfaction; it is defined as the positive feelings and attitudes employees have towards their jobs (Armstrong, 2003). Similarly, Luthans (2008) defines employee satisfaction as employees' perceptions of how well their jobs provide the things they view as being important in their lives. The reason employee satisfaction is critical in organisation is because it has an influence on the employee and organisation's performance (Leimbach, 2006).

In the context of this study; job satisfaction represents an affective or attitudinal reaction to an individual's job (Spector, 1985). Job satisfaction is assumed to represent an individual's feelings about his current role or job in the organisation. This satisfaction is influenced by various factors such as the work itself, benefits and remuneration, development opportunities, working relations and leadership, amongst many other organisational factors (Griffin, 2002). According to Spector (1985, p. 694), employee job satisfaction dimensions include appreciation, communication, co-workers, fringe benefits, job conditions, nature of work, organisation itself, organisational policies and procedures, pay and salaries, personal growth, promotion, opportunities, recognition, security and supervision. Employee satisfaction is essential for the success of any business (Gregory, 2011, p. 29).

Contrary to satisfaction, employee's job dissatisfaction leads to negative outcomes such as employee turnover. A high rate of employee contentedness is directly related to a lower turnover rate. According to Branham (2005), Gallup studies show that businesses with high levels of job satisfaction amongst their employees have high customer ratings, greater success in lowering turnover, higher profitability, and better safety records. Hence keeping employees satisfied is a major priority that leaders have to consider as representatives of an employer.

2.3. Theoretical relationship between leadership and job satisfaction

Despite the type of leadership approach that is preferred by a leader, it should effectively influence employees' behaviour and attitudes. The approach used should be appropriate for the contextual environment in which the leader operates. Appropriate leadership approach needs to be adapted in order to be congruent with the environment because it has a positive impact on employees' willingness to perform. This willingness to perform includes commitment, confidence, acceptance and motivation which lead to employee's job satisfaction (Hersey, Blanchard, & Johnson, 2001). All leaders engage with employees on the basis that there are shared motives, values and similar goals that will benefit all parties involved; either economically or psychologically (Burns, 2010). Even though leaders may play an influential role, employees ultimately know what they want for themselves. Hence they can choose to willingly adapt to the vision, values and goals of their organisation.

Leaders' behaviours are embedded in the different leadership approaches, so by default, it matters what leadership approach is selected to be able to portray such behaviours. Yousef (2000) indicated that leaders' behaviour is positively related to job satisfaction, which places the emphasis on leaders to adopt behaviours that will impact their employees and organisations positively. Transformational leadership requires the leader to understand and support the needs of their employees by addressing the higher-order needs and engaging with employees to enhance their performance (Denhardt & Campbell, 2006). The laissez-faire leadership is regarded as the most passive leadership behaviour, which implies that the leader may allow employees to direct themselves in their roles (Robbins, Judge, Odendaal & Roodt, 2009). The assumption of the transactional leadership is that employees are motivated to perform through reward and punishment (Luthans, 2008). The idea behind this leadership approach is that employees know what is expected of them through prior communication before they even commence certain duties or tasks; they know what the rewards for a given outcome are.

Satisfaction level in organisations is determined by the leadership style. Literature indicates that employees' job satisfaction is greatly enhanced by the democratic styles of leadership (Sageer *et al*; 2012, p. 36). This promotes the emergence of a relationship that promotes

friendship, respect and warmth amongst employees. Employee's perception of satisfaction with their leadership also stems from consistency in terms of how the leader treats all employees in a team or organisation. Satisfaction with one's leadership also comes from knowing that others are satisfied with it. The latter promotes open trust and support for leadership. It also helps create an environment in which employees feel empowered and are willing to give their full engagement in their jobs (Leimbach, 2006). Existing literature indicates that there is a vast of studies conducted on job satisfaction and leadership separately with other construct; such as organisational commitment, culture, performance and trust (Hersey *et al*, 2001; Kuskü, 2001; Ledimo, 2014; Manetje & Martins, 2009; Robbins *et al*, 2009; Ledimo & Martins, 2015). While the literature highlights the role of leadership style on employee's job satisfaction; there is paucity of studies in a financial context evaluating the relationship between these constructs. Hence the purpose of this study is to evaluate the role of leadership on employee's job satisfaction within a debt collection environment.

2.4. General question

It is against the above literature background that the following research question was established for this study:

What is the impact of leadership on employee's job satisfaction within a debt collection environment in South Africa?

2.5. Hypothesis

Based on the above research question for this study, the following hypothesis was formulated:

Hypotheses 1: *Leadership, through (H1a) transformational leadership, (H1b) transactional leadership and (H1c) laissez-faire leadership have a positive effect on employee's job satisfaction.*

3. RESEARCH DESIGN

A quantitative design and cross-sectional survey was used to collect data and to achieve the empirical study objectives (Terre Blanche, Durrheim, & Painter, 2006). The following discussion in this section focuses on the sampling strategy, data collection and statistical analysis.

3.1. Sampling strategy

Due to the nature of the research topic, a specific contextual population was selected in the debts collection environment. The sampling strategy applied was the non-probability sampling, using the purposive sampling technique. Purposive sampling is defined as a sample technique that depends on the population members' availability and willingness to participate in the study (Terre Blanche *et al*, 2006; Moerdyk, 2009). In the context of this research, participants were invited to be part of the sample until a target sample of 100 participants was reached.

Table 1. Demographics of the sample

<i>Item</i>	<i>Category</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Years of service</i>	1-5 years	74	92.25%
	6-10 years	2	2.25%
	11 years and more	4	5%
		n=80	100%
<i>Age</i>	Between 1978-2000	77	96.25%
	Between 1965-1977	3	3.75%
		n=80	100%
<i>Race</i>	African	68	85%
	Coloured	9	11.25%
	Indian	3	3.75%
		n=80	100%
<i>Gender</i>	Male	26	32.5%
	Female	54	67.5%
		n=80	100%
<i>Job level</i>	Supervisor	2	2.5%
	Employee	78	97.5%
		n=80	100%
<i>Qualification</i>	Grade 11-12	30	37.5%
	Certificate	35	43.75%
	Diploma	12	15%
	1 st degree	3	3.75%
		n=80	100%
<i>Job category</i>	Professional	2	2.5%
	Administrative	1	1.25%
	Auxiliary services	2	2.5%
	Sales and marketing	2	2.5%
	Finance	16	20%
	Other	57	71.25%
		n=80	100%

A biographical questionnaire (years of service, age, gender, race, qualification, job level and job category) was administered to determine the sample profile as it represented the population, especially in a diverse environment. Table 1 indicates all the biographical information of the sample participants.

The results indicate that most participants (92.25%) have one to five years of experience and few (07.50%) have been with the organisation for a period of six to eleven years. The low tenure of employees confirms the age group of the participants because majority of the participants (96.25%) are Millennials as they are born between 1978 and 2000; while few participants (03.75%) were born between 1965 and 1977. Majority of the participants were employees (97.5%), and managers did not participate in the study. The 2.5% supervisory level was the second-in-command group of employees called team supervisors in the organisation. In terms of race, the majority of the ethnic group was Africans at 88%, followed by 11.25% of Coloureds and 03.75% of Indians, with no white participants.

In terms of gender, 67.5% of participants were females and 32.5% were males. Most of the participants have a post-matric qualification at 43.75%. This suggests that most of the participants were entry-level employees and are under a leader in their work environment. Since the entire sample had grade 12 as the highest level of education; this confirms that all the participants have competency levels that allowed them to read, write and complete the questionnaires.

3.2. Data collection

The measuring instruments were administered to sample of 100 participants representing the total population of 270 employees of a debt collection division; only 80 respondents completed the

questionnaire. Completed questionnaires were included in the analysis amounting to a response rate of exactly 80%; hence the sample represented approximately 37% of the total population. Questionnaires were administered to employees, and their leaders were excluded because of the purpose of the study.

The following questionnaires for this study were based on measuring the variables; leadership and job satisfaction:

- Biographical questionnaire to identify personal information for the sample, such as years of service, race, gender, age, qualification, job level and job category in the organisation.
- Multifactor Leadership Questionnaire (MLQ) developed by Bass and Avolio (1990).
- Job Satisfaction Survey (JSS) developed by Spector (1994).

The above questionnaires were chosen because they have demonstrated satisfactory validity and reliability. Reliability refers to the consistency in which a measuring instrument measures what it is intending to measure (Foxcroft & Roodt, 2009). Validity is concerned with what a measure is supposed to measure and how well it does so (Foxcroft & Roodt, 2009). The reliability and validity results of these questionnaires in this study are reported in the next section presenting the descriptive statistics results.

3.3. Statistical analysis of data

The Statistical Package for Social Sciences (SPSS, version 21.0) was used for data analyses. Descriptive statistics were conducted to determine the sample's biographic variables; means, reliability and validity of the questionnaires. Inferential statistics in the form of regression analysis were also conducted to test the relationship between the variables leadership and job satisfaction.

4. RESULTS

The descriptive and inferential statistics are discussed below; to explain the results of the leadership and job satisfaction dimensions.

4.1. Descriptive results

Descriptive statistics are used to describe or summarise numerical observations of data, either reported in forms of graphs or tables (Carlson & Winquest, 2014). In this section, the reliability of the MLQ and JSS are reviewed in terms of the Cronbach coefficient alpha, means and standard deviations.

Table 2. Reliability Scores of the Leadership Dimensions (MLQ)

<i>Leadership dimensions</i>	<i>Cronbach alpha coefficients (n = 80)</i>	<i>Number of items</i>
Transactional leadership	0.78	6
Transformational leadership	0.92	12
Laissez-faire leadership	0.49	3
Total	0.93	21

Two of the three dimensions have high reliability levels, with transactional leadership at 0.78 and transformational leadership at 0.92. Laissez-faire leadership approach, however, had a low alpha coefficient of 0.49. Regarding the low alpha coefficients, Terre Blanche and Durrheim (1999) indicate that for broad group measures, it is acceptable to have low alpha coefficients in some dimensions. Hence the overall reliability was

4.1.1. Cronbach alphas of Leadership Dimensions (MLQ) and Job Satisfaction Dimensions (JSS)

Table 2 indicates the Cronbach alpha values for each of the leadership approaches measured through the MLQ. These scores are reported on the basis of standard variable scores and it is based on the total sample (n = 80). The total Cronbach alpha coefficient score is 0.93 for the MLQ, which is high because an alpha score of above 0.70 is considered good and acceptable (Moerdyk, 2009).

substantial at 0.93; despite the low reliability score of the dimension laissez-faire leadership.

Cronbach alpha coefficient scores for each of the 11 dimensions of job satisfaction (JSS) are presented in table 3. These alpha coefficients ranged from -0.15 to 0.83 for the sample of participants (n = 80). The total job satisfaction Cronbach alpha coefficient is 0.89, which is a high reliability as it is closer to 1 (Terre Blanche & Durrheim, 1999).

Table 3. Reliability Scores of the Job Satisfaction Dimensions (JSS)

<i>Job satisfaction dimensions</i>	<i>Cronbach alpha coefficients (n = 80)</i>	<i>Number of items</i>
Nature of work	0.59	8
Operating procedures	-0.15	4
Pay and salaries	0.34	3
Promotions	0.02	3
Constructive feedback	0.73	3
Supervision	0.45	6
Working conditions	0.83	6
Co-workers	0.78	8
Fringe benefits	-0.36	4
Total	0.87	45

Table 3 shows that the highest Cronbach alphas score are indicated for the dimensions constructive feedback, working conditions and co-workers; at 0.73, 0.83 and 0.78 respectively. The lowest alpha coefficients results are reported for the dimensions fringe benefits and operating procedures; at -0.36 and 0.15 respectively. These were fairly low but they were considered, because the overall alpha coefficient of the questionnaire is quite high at 0.87 (Terre Blanche & Durrheim, 1999). Dimensions of this questionnaire that were excluded are recognition and communication. It was not possible to determine their Cronbach alpha coefficients because they only had two items as their measures in the questionnaire. Terre Blanche and Durrheim (1999) support that three or more items

are required to be able to derive a Cronbach alpha coefficient score.

4.1.2. Means and standard deviations of Leadership Dimensions (MLQ) and Job Satisfaction Dimensions (JSS)

Means are calculated by the sum of all scores divided by the number of the scores (Foxcroft & Roodt, 2009). Standard deviation scores represents the most common form of variability that can be computed (Foxcroft & Roodt, 2009, p. 37). Table 4 below presents the minimum; maximum; mean and standard deviation cores for each dimension of the leadership dimensions (MLQ).

Table 4. Means and Standard Deviations of the Leadership Dimensions (MLQ)

<i>Leadership dimensions</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard deviation</i>
Transactional leadership	80	1.08	5.00	3.58	0.96
Transformational leadership	80	1.50	5.00	3.88	0.84
Laissez-faire leadership	80	1.00	5.00	2.93	0.85
Total	80	1.52	4.81	3.58	0.82

The mean scores ranged from 2.93 to 3.88 for all the dimensions of the leadership. The sample of participants obtained the highest scores on transformational leadership ($m = 3.88$; $SD = 0.84$) and transactional leadership ($m = 3.58$; $SD = 0.96$). This implies that employees in this organisation have a positive perception of their leaders as being transactional and transformational in nature. Laissez-faire leadership ($m = 2.93$; $SD = 0.85$) scored the lowest and this indicates that the participants

seemed to have a negative perception with regard to this dimension. The standard deviations of the dimensions were similar in range, ranging from 0.84 to 0.96. The maximum scores were all identical.

In terms of job satisfaction, mean scores were calculated for all 11 dimensions with each dimension. See table 5 below which indicates the minimum, maximum, mean and standard deviation scores of the job satisfaction dimensions.

Table 5. Means and Standard Deviations of the Job Satisfaction Dimensions (JSS)

<i>Job satisfaction dimensions</i>	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Standard deviation</i>
Nature of work	80	1.75	4.63	3.68	0.55
Operating procedures	80	2.50	5.50	3.74	0.70
Pay and salaries	80	1.00	5.67	3.08	0.98
Promotions	80	1.00	5.67	3.62	0.96
Constructive feedback	80	1.00	5.00	4.03	0.89
Supervision	80	1.83	4.50	3.20	0.74
Recognition	80	1.00	5.00	3.38	1.08
Working conditions	80	1.33	5.00	3.42	0.92
Communication	80	1.00	6.00	3.17	0.92
Co-workers	80	1.50	5.25	3.87	0.76
Fringe benefits	80	1.00	5.00	3.26	0.77
Total	80	1.88	4.49	3.54	0.51

Mean scores of all the job satisfaction dimensions ranged from 3.08 to 4.03. This indicates that the participants seemed satisfied with their jobs, and they were more satisfied with the constructive feedback in their organisation. The sample of participants obtained the highest score for constructive feedback ($m = 4.03$; $SD = 0.89$) and the lowest for pay and salaries ($m = 3.08$; $SD = 0.98$). The standard deviations of the dimensions ranged from 1.08 to 0.55. Overall the employees in this organisation seem to be fulfilled with their job; hence the overall mean score is 3.54.

4.1.3. Pearson product-moment correlation coefficients between the Leadership Dimensions (MLQ) and Job Satisfaction Dimensions (JSS)

Table 6 reports on the Pearson product-moment correlations between the leadership and Job satisfaction. The results indicate the interrelationships between the dimensions of the two variables of this study, including the levels of significance.

Table 6. Pearson correlation coefficients between the leadership dimensions (MLQ) and job satisfaction dimensions (JSS) (N=80)

<i>Correlations (r)</i>	<i>Leadership dimensions</i>		
	<i>Transformational leadership</i>	<i>Transactional leadership</i>	<i>Laissez-faire leadership</i>
Nature of work	0.40043**	0.28552**	0.27101**
Operating procedures	-0.03257	-0.01480	0.07903
Pay and salaries	0.17909	0.38885**	0.24599**
Promotions	0.26289**	0.19175**	0.07507
Constructive feedback	0.71580**	0.66439**	0.55441**
Supervision	0.55183**	0.41875**	0.36753**
Recognition	0.49587**	0.39590**	0.36111**
Working conditions	0.58143**	0.51863**	0.35932**
Communication	0.21731**	0.12559	-0.04453
Co-workers	0.34609**	0.35685**	0.27824**
Fringe benefits	0.04180	0.23921**	0.06871

$n = 80$; ** Correlation is significant at the 0.01 level (2 tailed); $p < 0.01$

All three leadership approaches (transformational, transactional and laissez-faire) have positive significant relationships ($p < 0.01$) with nature of work, constructive feedback, supervision, co-worker relations and working conditions (see table 6 above). It is evident that transformational and transactional leadership approaches that have significant positive relationships with the dimension promotions ($p < 0.01$). Transactional leadership is the only dimension that have a significant positive relationship ($p < 0.01$) with fringe benefits. Another significant positive relationship is also evident between the dimensions transactional and laissez-faire leadership with pay and salaries. These results indicate that employees perceive their job

satisfaction factors as being positive influenced by their leaders' approach or style. Transformational leadership is also the only dimension that have a positive significant relationship with communication ($p < 0.01$).

It is evident from table 6 that there are no significant relationships between the three leadership dimensions with the job satisfaction dimensions; operating procedures. This suggests that employees perceived that their leaders did not have an influence on their work procedures within the organisation, but their leaders are seen to be contributing to other factors of their job satisfaction.

4.2. Inferential statistics

In this section, the discussion of the inferential results focuses on the interrelationships between the two variables and their dimensions. Multiple regression analysis was performed to determine the relationships between the independent variable (leadership) and the dependent variable (job satisfaction).

4.2.1. Multiple regression analysis of leadership and job analysis variables

Multiple regression analysis was performed to analyse the influence each leadership approach has on the job satisfaction dimensions. The regression

analysis was conducted to determine the predictive effect, if any; leadership has on employee's job satisfaction. It was also conducted to test the hypothesis of this study in order to determine the magnitude of the correlation between the dependent and the independent variables.

In order to determine the portion of the total variance of each of the employee's job satisfaction dimensions is being explained by the three leadership dimensions; the three standard multiple regression analysis were conducted in this study, one for each of the leadership dimensions. Tables 7 to 9 provide a summary of the results relating of leadership approaches and the job satisfaction dimensions.

Table 7. Multiple regression analysis of transactional leadership and job satisfaction dimensions

PARAMETER ESTIMATES								
Job satisfaction dimension	DF	Parameter estimate	Standard error	t-value	Pr > t	F	R-square	Adj. R-square
Nature of work	1	-0.01724	0.10230	-0.17	0.8666	4.96	0.1638	0.1308
Operating procedure	1	-0.00441	0.13977	-0.03	0.9749	0.38	0.0149	-0.0240
Pay and salaries	1	0.61317	0.17774	3.45	0.0009*	5.94	0.1898	0.1578
Promotions	1	0.02111	0.18565	0.11	0.9098	2.11	0.0770	0.0405
Constructive feedback	1	0.28683	0.11604	2.47	0.0157*	34.99	0.5800	0.5635
Supervision	1	0.01826	0.12441	0.15	0.8837	11.36	0.3096	0.2823
Recognition	1	0.06993	0.18819	0.37	0.7152	8.77	0.2572	0.2278
Working conditions	1	0.21597	0.14828	1.46	0.1494	14.10	0.3576	0.3322
Communications	1	-0.03217	0.17766	-0.18	0.8568	2.45	0.0882	0.0522
Co-workers	1	0.18585	0.14076	1.32	0.1907	4.46	0.1496	0.1160
Fringe benefits	1	0.40516	0.14717	2.75	0.0074*	2.66	0.0950	0.0593

* $p < 0.01$

In terms of the transactional leadership dimension as the independent variable; table 7 indicates that the dependent variable pay and salaries dimension regression is statistically significant ($F = 5.94$; $p < 0.01$) and it is accounting for 15% (Adjusted R Square = 0.157) of the variance.

The dimension constructive feedback's

regression analysis is statistically significant ($F = 34.99$; $p < 0.01$); it is accounting for 56% (Adjusted R Square = 0.563) of the variance.

It is also evident that the fringe benefits dimension regression is statistically significant ($F = 2.66$; $p < 0.01$) and it is accounting for 5% (Adjusted R Square = 0.059) of the variance.

Table 8. Multiple regression analysis of transformational leadership and job satisfaction dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr > t	F	R-square	Adj. R-square
Nature of work	1	0.21823	0.09316	2.33	0.0226*	4.96	0.1638	0.1308
Operating procedure	1	-0.07874	0.12810	-0.61	0.5406	0.38	0.0149	-0.0240
Pay and salaries	1	-0.29335	0.16289	-1.80	0.0757*	5.94	0.1898	0.1578
Promotions	1	0.30772	0.17014	1.81	0.0745*	2.11	0.0770	0.0405
Constructive feedback	1	0.37760	0.11402	3.31	0.0014*	34.99	0.5800	0.5635
Supervision	1	0.37736	0.11402	3.31	0.0014*	11.36	0.3096	0.2823
Recognition	1	0.44014	0.17248	2.55	0.0127*	8.77	0.2572	0.2278
Working conditions	1	0.40207	0.13590	2.96	0.0041*	14.10	0.3576	0.3322
Communications	1	0.35672	0.16282	2.19	0.0315*	2.45	0.0882	0.0522
Co-workers	1	0.11002	0.12900	0.85	0.3964	4.46	0.1496	0.1160
Fringe benefits	1	-0.23016	0.13488	-1.71	0.0120*	2.66	0.0950	0.0593

* $p < 0.01$

The transformational leadership dimension as the independent variable results in table 8 indicates that the dependent variable nature of work dimension regression is statistically significant ($F = 4.96$; $p < 0.01$) and it is accounting for 13% (Adjusted R Square = 0.130) of the variance. The dependent variable pay and salaries dimension regression is statistically significant ($F = 5.94$; $p < 0.01$) and it is accounting for 15% (Adjusted R Square = 0.157) of the variance. Promotions dimension's regression is also statistically significant ($F = 2.11$; $p < 0.01$) and it is accounting for 4% (Adjusted R Square = 0.040) of the variance.

It is evident that constructive feedback dimension regression is statistically significant ($F = 34.99$; $p < 0.01$); accounting for 56% (Adjusted R Square = 0.563) of the variance. Regression analysis of supervision dimension is statistically significant ($F = 11.36$; $p < 0.01$) and is accounting for 28% (Adjusted R Square = 0.282) of the variance. The dimension recognition as the dependent variable regression is statistically significant ($F = 8.77$; $p < 0.01$); it is accounting for 22% (Adjusted R Square = 0.227) of the variance. Communication dimension's regression is also statistically significant ($F = 2.45$; $p < 0.01$) and it is accounting for 5% (Adjusted R Square = 0.052) of the variance. With regards to

fringe benefits dimension's regression analysis, it is statistically significant ($F=2.66$; $p<0.01$) and is accounting for 5% (Adjusted R Square = 0.0593) of the variance.

Table 9. Multiple regression analysis of laissez-faire leadership and job satisfaction dimensions

PARAMETER ESTIMATES								
Dimension	DF	Parameter estimate	Standard error	t-value	Pr>t	F	R-square	Adj. R-square
Nature of work	1	0.04563	0.08301	0.55	0.5841	4.96	0.1638	0.1308
Operating procedure	1	0.11650	0.11341	1.03	0.3076	0.38	0.0149	-0.0240
Pay and salaries	1	0.17257	0.14422	1.20	0.2352	5.94	0.1898	0.1578
Promotions	1	-0.12113	0.15064	-0.80	0.4238	2.11	0.0770	0.0405
Constructive feedback	1	0.19798	0.9416	2.10	0.0388*	34.99	0.5800	0.5635
Supervision	1	0.07087	0.10095	0.70	0.4848	11.36	0.3096	0.2823
Recognition	1	0.14474	0.15270	0.95	0.3462	8.77	0.2572	0.2278
Working conditions	1	0.02648	0.12032	0.22	0.8264	14.10	0.3576	0.3322
Communications	1	-0.25861	0.14415	-1.79	0.0768*	2.45	0.0882	0.0522
Co-workers	1	0.08698	0.11421	0.76	0.4487	4.46	0.1496	0.1160
Fringe benefits	1	0.01269	0.11941	0.11	0.9157	2.66	0.0950	0.0593

* $p < 0.01$

With regard to the Laissez-faire leadership dimension as the independent variable; table 9 indicates that the dependent variable constructive feedback dimension regression is statistically significant ($F= 34.99$; $p<0.01$) and it is accounting for 56% (Adjusted R Square = 0.563) of the variance. The dependent variable communication dimension's regression analysis is also statistically significant ($F=2.45$; $p<0.01$) and it is accounting for 5% (Adjusted R Square = 0.052) of the variance.

5. DISCUSSION OF RESULTS

The results of this study indicate that employees in this debt collection division have a positive perception of their job satisfaction. Employees also reflected a positive perception of the transactional and transformational leadership. This study supports the hypothesised relationship between leadership and job satisfaction ($H1a$ to $H1c$) in debt collection environment. Hence it is suggested that leadership contributes to employees' job satisfaction. This implies that leaders exhibiting transformational, transactional and laissez-faire will have an effect on the job satisfaction factors of employees in their organisation. Yousef (2000) argued that a leader's behaviour influences job satisfaction, which suggests that leaders are expected to adopt behavioural patterns that have a positive effect on their role to lead.

According to Drotter (2003), a true leader takes accountability for the performance of employees within the organisation through motivation and inspiration. Hence leaders are expected to delegate tasks and monitor the performance of employees, to ensure that employees perform optimally. Job satisfaction is influenced by various factors such as the work itself, benefits and remuneration, development opportunities, working relations and leadership, amongst many other factors (Griffin, 2002; Harter, Schmidt, & Hayes 2002). Hence the ability to motivate and inspire employees depends on the leaders' approach and behaviour towards employees.

A positive relationship was found between the nature of work dimension of job satisfaction and transformational leadership. Nature of work refers to job characteristics, such as duties, performance measures and competencies required. It means the nature of work is designed to allow employees to be empowered and also to develop. Literature highlights that transformational leadership facilitates followers' efforts to solve complex

problems while concurrently developing them so that they are more prepared to address future problems (Bass, Avolio, Jung, & Berson, 2003; Roos, 2005). Leaders instil empowerment, self-leadership and development to enable employees to achieve organisational goals with minimal guidance and through self-empowerment (Koopmans, Bernaards, Hildebrandt, Buuren, Van der Beek, & De Vet, 2012). Employees have the freedom to perform their tasks without being micro managed. This type of leadership encourages that a task may be assigned, but how to perform the task is not directly specified. Support is provided by the leader but employees' self-leadership is embraced.

There was evidence of a positive relationship between promotions and the transformational leadership approach. This suggests that transformational leadership is associated with followers and leaders inspiring each other to progress in their careers (Pawar & Eastman, 1997). Hence leaders want to see their followers becoming future leaders in the organisation. Employees are encouraged; driven to develop and to put their optimal best into their duties because it mutually benefit both employees and their organisations. Significant positive relationships were found between transformational leadership with the job satisfaction dimensions; namely, supervision; recognition; work conditions and communication. This means that employees prefers leaders who portray behaviour that broadens the interest of subordinates; creates awareness and acceptance of the mission of the group; and encourages subordinates to put their self-interest aside for the benefit of the organisation (Bass, 1990b; Van Scotter, Motowidlo, & Cross, 2000). This suggest employees are satisfied with leaders that creates an environment that focus on achievement of common goal, allows flexibility to develop and teams are empowered to achieve their goals.

Satisfaction with the dimension recognition was linked to transformational leadership because the leader aims to empower and develop employees to take control of their roles. As a result, the leader recognises that all employees are being capable of performing their own duties (Gardener *et al*, 2005; Gregory 2011). Employees feel appreciated by their leaders as they are individually motivated and entitled to conduct their roles in a manner best suited to them. Transformational leadership, however, is a two-way leadership approach where outcomes mutually benefit all parties involved (Roos, 2005; Viswesvaran, & Ones, 2000). One of

these outcomes is working conditions, as employees seek a suitable work environment that considers their needs and well-being. In terms of communication, transformational leaders in the work environment tend to keep employees updated in the organisation (Hersey et al, 2001). This allows employees to know how their input is aligned with organisational objectives. Luthans (2008) indicates that leaders create an environment of knowledge and informational sharing through daily informal meetings with teams and quarterly meetings to discuss performance. Such meetings are not only task oriented, but also consider other issues that have an impact in the work environment.

Fringe benefits; pay and salaries dimensions of job satisfaction have positive relationships with transactional leadership. Literature posited that transactional leaders reward performance (Koopman *et al* 2012, Gregory 2011, Griffin, 2002). This type of leadership focuses specifically on tasks whereby the outcome regarding tasks is rewarded accordingly, and there is an exchange relationship with a direct correlation between task outcome and rewards (Burns, 1978). Contingent rewards mean employees are remunerated for their performance. Fringe benefits in the financial services environment are aligned to performance. Benefits such as incentives are based on employee performance levels. Hence employees identify transactional leadership with rewards and performance in this organisation.

There was sufficient evidence, at 5% level of significance of a positive relationship between constructive feedback and all the leadership approaches. In other words, constructive feedback is dependent on all leadership approaches. Constructive feedback was associated with feedback on performance that might not be satisfactory, but provided in a manner in which it can be utilised to improve performance. Employees in this organisation indicate that the leaders in their organisations give feedback in a satisfactory way, not criticising but ensuring that the results lead to improvements. Literature supports this finding that there is a need for a leader to understand an employee's professional input in order to give constructive feedback/criticism (Sageer, *et al*, 2012; Viswesvaran, & Ones, 2000).

This suggests that managers/supervisors are aware of employees' performance levels and are able to provide feedback relating to individual as opposed to generalised performance. In terms of the transactional leadership, constructive feedback may be portrayed through punishment by means of formal performance reviews, counselling or formal meetings to ensure that such behaviour is not repeated. A transformational leader is inclined to give constructive feedback in a manner that encourages employees to learn through their poor performance or task difficulty. Development is promoted and mostly occurs by learning from an employee's errors (Griffin, 2002; Luthans, 2008).

In terms of the job satisfaction dimension co-workers relations; there was no significant relationship found with the three leadership dimensions. Leaders have no influence on the relationships between co-workers, hence such relationships are solely left to employees, and leaders do not interfere unless there is evidence of conflict between employees. This means that satisfaction with co-workers is dependent on employees and not their leaders.

There is also no significant relationship between the job satisfaction dimension operating procedures and leadership approaches. This implies that leaders in this debt collection environment are perceived as not being responsible for developing organisational procedures that drive employees' daily tasks. This could be a duty executed high up in the hierarchy and leaders are only responsible for compliance; due to the fact that the debt collection environment is being highly regulated.

6. CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

This study aimed to evaluate the impact of leadership on employee's job satisfaction in a debt collection environment. The study confirms that leadership approaches have an influence on job satisfaction. This study outlines the most important aspects of enhancing employees' job satisfaction for purposes of retaining talented human capital. It is concluded that leadership (as characterised by transformation, transactional and Laissez-faire dimensions) has an impact on job satisfaction factors within the organisation. This information can provide organisations with insight regarding leadership approaches and behaviours that contribute to employee's job satisfaction (as characterised by the dimensions nature of work, promotion, constructive feedback, supervision, fringe benefits, pay and salaries, communication, recognition, working conditions and co-workers).

In terms of the limitation of this study, the sample was limited to a convenient sample in a single financial institution. Hence the results cannot be generalised to other financial organisations and sectors. It is recommended that further studies should explore this relationship between the construct leadership and job satisfaction in other sectors and organisations; to determine whether the results of this study are supported. Other organisational factors that can serve as moderator variables between the two constructs of this study were not observed; such as organisational culture, climate and practices. Hence future research can explore these organisational factors in different work or business contexts.

This research has implications for managers and leaders in financial institutions. The study found leadership to be critical for employees' job satisfaction. Hence organisations should focus on creating a work environment where employees are satisfied by encouraging relevant leadership styles that should be enacted. Training and development of future leaders can focus on relevant leadership approaches that have a positive effect on employee's job satisfaction; through mentoring and coaching of potential leaders.

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