

Effects of transformational leadership on subordinate job satisfaction in leather companies in Ethiopia

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Abstract

This study was aimed to describe the concepts of transformational leadership and its effect on subordinate job satisfaction. To this effect, 145 valid participants from ten sampled leather companies responded to the survey questionnaire. The participants are direct subordinates of their leader. They evaluated the behaviour of their immediate leader using the adapted Multifactor leadership questionnaire (MLQ). Pearson correlation analysis found that all components of transformational leadership are highly correlated with each other and strongly correlate with subordinate job satisfaction. Idealized influence and inspirational motivation have exceptionally showed very high correlation with each other. The regression analysis found that transformational leadership explained 40.6% of the variance in subordinate job satisfaction. The ANOVA table confirmed that the model is significant at p value less than .001. The coefficient part of the regression model found that only two factors of transformational leadership: idealized influence and individualized consideration are significantly determinant in predicting subordinate job satisfaction. It is apparent that as transformational leadership practice increase so does subordinate job satisfaction. The study confirmed that transformational leadership is an important leadership style to increase subordinate job satisfaction.

Key words: Transformational leadership, subordinate job satisfaction

I. Introduction

Transformational leadership style explains how leaders change teams or organizations by creating, communicating, modelling a vision and inspiring employees to strive the intended vision (Mcshane & Glinow, 2003, p.429).

The accelerated rate of changes poses serious challenges to organizations to anticipate and manage change effectively, or otherwise accept the fate of knock out from the market. In this regard, transformational leadership is needed because the old theories of leadership, operating through the power of performance-reward linkage has become less relevant to cope up the dynamic nature of the environment (Srivastava, 2003).

Today, business entities are expected to manage their future in favour of their organization. In this context, "Transformational leadership is essentially open ended in enabling organizations not only to cope up with change, but also to be proactive in shaping their future" (McGough, 2010, p.111). The

twenty first century managers need to be “knowledgeable, dynamic, and proactive to bring radical changes and capable of leading themselves and their subordinates to embrace changes and exert extra efforts to meet the ever increasing competition” (Ahangar, 2009, p. 360).

At present, transformation becomes the concern of the entire nation across the board. According to Ozaralli (stated in Bass, 1985) expressed that the focus of leadership has shifted from traditional or transactional models to a new contemporary type of leadership, with an emphasis on transformational leadership (Ozaralli, 2003, p.335).

Thus, in today's dynamic and competitive world, Business Undertakings have no option other than computing sustainably in a global market. To this effect, companies need to create conducive working environment for their people who are rendering service or producing products. This study focused on the central theme of transformational leadership in effect to subordinate job satisfaction.

II. Concepts of transformational leadership

“Transformational leadership is a process whereby ordinary people can bring forth the best in themselves and others too.” (Pennings, n.d., p 6).

According to Bolden (as cited in Bass and Avolio, 1994) the ultimate goal of transformational leadership is to transform both people and organizations. They clarify as “to change followers in mind and heart; enlarge vision, insight, and understanding; clarify purpose; make behaviour congruent with beliefs, principles, or values; and bring about changes that are permanent, self-perpetuating, and momentum building” Bolden, 2004, p.11).

The concept of transformational leadership has been attracted by organizations for implementation and understanding of leadership effects on followers and organizations. As a result, transformational leadership is different from traditional leadership in that by recognizing followers' needs, wants, and by attempting development of those needs from the lower to the higher levels of maturity (Muenjohn, n.d.).

Transformational leaders are proactive in many different ways. These leaders attempt to optimize development, not just performance. “They convince their associates to strive for a higher level of achievement as well as higher levels of moral and ethical standards” (Bolden, et al., 2003, p.16). The end result of transformational leadership is to get people motivated sustainably and organizations strengthened and get transformed.

2.1 Components of transformational leadership

At the stage of inception, transformational leadership built from three components. These are: charismatic-inspirational, intellectual stimulation, and individual consideration. However, later factor analyses suggested that the charisma factor, what has been subsequently called Idealized Influence, was separated from the charismatic-inspiration and form Inspirational Motivation. As a result, four components were introduced which are known as 4I's. Furthermore, the first component, idealized influence is also subdivided into its attribute and behaviour to form five components that can be measured using Multifactor leadership questionnaire (Bass and Riggio, 2006).

2.1.1 Idealized Influence (II)

Idealized influence at its core represents the highest levels of moral reasoning and perspective-taking capacity. Such leaders are willing to sacrifice their own gain for the good of their work group, organization, and community. “They set high standards for work conduct and are a role model for those standards. They build trust in people because those who work with them know they are committed to the common good and their sacrifices along the way evidence the consistency of their actions with their values. Transformational leaders in applying idealized influence can see the good in others first and when it is not obvious they work to bring it out through continuous endeavour” (Avolio: 2005).

2.1.2 Inspirational Motivation (IM)

Transformational leader who practice inspirational motivation encourage subordinate in generating enthusiasm and challenging people. These leaders create clear understanding of expectations and demonstrate high commitment to organizational goals and shared vision (Stewart, 2006). Transformational leaders behave in ways that motivate and inspire people around them by providing meaning and challenge to their followers' work. “Team spirit is aroused. Leaders get followers

involved in envisioning attractive future states; they create clearly communicated expectations that followers want to meet and also demonstrate commitment to goals and the shared vision" (Bass and Riggio, 2006, P. 6).

The key indicators of inspirational motivation are setting organizational vision, communicating this vision, challenging workers, giving continuous encouragement, and applying the principles of shared power (Sarros & Santora, 2001).

2.1.3 Intellectual Stimulation (IS)

Innovation and creativity is in the heart of intellectual simulation factor. Leaders, who motivate creativity and challenge the old ways of doing as part of their regular job are exercising intellectually stimulate part of transformational leadership. These leaders cultivate the same skills in their workers. "Intellectually stimulating leaders work through difficulties, and use their problem solving techniques for reaching decisions that reflect a mutual consensus between leaders and employees" (Sarros & Santora, 2001, p.386).

According to recent study of Ahanger, (2009) transformational leaders who use intellectual simulation can challenge the status quo and stimulate their followers' effort to be innovative. Followers are positively encouraged to try new approaches. The ideas of subordinates are not undermined even when they reflect different stands. Rather a bottoms-up type of influence is generated with two way communication. Both leaders and followers develop their own capabilities to recognize, understand and eventually solve future problems (p, 357).

2.1.4 Individualized Consideration (IC)

For individualized consideration, developing followers through coaching, mentoring and teaching are the central indicator of the factor. Kirkbride puts Individualized consideration (IC) as the first factor of transformational leadership style. The IC leader demonstrates high concern for their followers, treats them as individuals, and gets to know well about them and listens to both their concerns and ideas (Kirkbride 2006, p.25). Individualized consideration deals with fundamental transformational leadership behaviours of treating individuals as important contributors to the organization. Leaders who use this style of leadership give due consideration for their employee needs and coach them to bring sustainable development (Sarros & Santora, 2001).

In sum, a leader who gives personal attention to subordinates, reflect the behaviour of treating each employee as an individual and initiate an interest in the long-term development of each employee (Hoffman and Frofst, 2006).

2.2 Subordinates

The word Followers and subordinates are used interchangeably (Yukl, 2004, p.3). In this article as well, the researcher used them interchangeably. According to Davir and Shamir (cited in Yammarino, 1994) identified two types of followers: direct and indirect. Leaders and their immediate followers who have direct interactions with each other are known as direct followers. These interactions characterize two-way communication, familiarity with each other, and greater chance of face-to-face evaluation. Indirect subordinate occurs between leaders and followers when subordinates do not directly report to their leaders, and are described in the opposite terms of direct relationships" (Davir & Shamir, 2003).

Followers are more likely to be effective if they view themselves as active and independent rather than passive and dependent on their leader. Followers can play an important role through encouragement and resistance to improve the leadership. They provide accurate information, challenge weak decisions, resist inappropriate influence, give encouragement for good approach and help in coaching (Yukl, n.d).

Transformational leadership is positively related to subordinates perception of leaders' effectiveness and higher levels of motivation. Studies have found that followers of transformational leaders reported high motivation and satisfaction with their job (Givens, 2008).

The followers of transformational leaders experience a total and unqualified belief in and identification with the leaders and their mission. Thus, transformational leaders are seen as helpful, friendly and change agent in which followers use friendliness approach frequently (Krishnan, 2003).

2.3 Job satisfaction

Job satisfaction presents internally in the mind of a person where only an individual can express the degree of his/her feeling of satisfaction. A new theory of organizations and leadership began to

emerge based on the idea that individuals operate most effectively when their needs are satisfied. As a result, they are more likely to increase their productivity which in turn impacts the organization's long term goals (Stone and Patterson, 2005). This day the focus of a leader moved to building harmonious relationship between leader's actions and follower's satisfaction and productivity (p.3).

Transformational leadership is a tool that enhances subordinate satisfaction. Job satisfaction can also comes from the ability of workers to have a clear understanding of the goals and the objectives of the organization. However, the focus of this study relies on the side of leadership. Transformational leaders using inspirational motivation communicate the vision of the organization (Gill, et al., 2010). The recent study conducted in Malaysia public sector confirmed that transformational leadership style has positive relationship with job satisfaction (Voon, Lo², Ngui, & Ayob², 2011).

Transformational leadership is seen as moving beyond transactions in order to improve followers' achievements by influencing their needs and values. Higher level of performance, extra effort and higher satisfaction are important elements that followers expect from their leaders (Felfe, Tartler and Leipmann, 2004).

Followers' attitudes are usually measured with questionnaire or interviews. A study conducted by Francisco (2000) unpublished master thesis finding suggested that when leaders challenge, inspire, modelling the way, and become courageous, they can influence the attitude of followers and move them to higher level of satisfaction with their job in exhibiting more trust to their leaders (p.163).

Job satisfaction was measured in different scales that range from single general item to the long form measurement of satisfaction that holds 100 items of Minnesota satisfaction questionnaire. When job satisfaction is under the attention of the study, the issue of payment is the priority. According to the recent study conducted on salary satisfaction in India revealed that employees in both private and public organizations give equal importance for their payment which has great value in providing job satisfaction (Sharma and Bajpai, 2011).

Hanif and Kamal (2009) summarized in their abstract that though other factors taken into account, pay has been considered as the major factor for job satisfaction. In further clarification, Job satisfaction is a key instrument to gauge the organizational health as service and product quality largely depends upon the human resource or in the recent language of industry context human capital (Yasir and Fawad, 2009). The conclusion drawn from this finding can be evident that payment and amount of work has the expected positive effect on job satisfaction (Ibid).

2.3.1 Determinants of job satisfaction

Job satisfaction cannot simply judge through physical observation or other mechanisms unless the person himself /herself rates his/her internal feeling about the leadership or the job itself. There are numerous aspects that organizations manage the level of employee satisfaction. According to Luthans (as cited in Simth, Kendall & Hulin, 1969) five job dimensions have been identified viz. the work itself, pay, promotional opportunities, supervision and co-workers. The recent work however organized the determinant factors with two more additional items to measure job satisfaction are: Nature of job, nature of supervision, working condition, opportunity of promotion, workgroup, employee morale and reward system (Suri & Verma, 2005). Among the determinants of job satisfaction, employee morale has deep attachment with employee personal awareness, cultural values and norms. Since the focus of this study is to identify effects of transformational leadership on subordinate job satisfaction, it is not included in the measurement.

2.4 Effects of transformational leadership on job satisfaction

The effects of transformational leadership are detected to a greater extent when levels of transformational leadership are obtained medium to high (that is, higher than the median) and the effect on employees' satisfaction bring out higher willingness act of subordinates (Molero, et al., 2007).

The same study found that people who assign high scores to their leaders in transformational leadership, compared to those who give low scores, consider their leaders and work units are more effective and even they are willing to expend more extra effort, and they feel more satisfied with their job (Ibid).

A study by Purvanova, Bono, & Dzieweczy (2006) on Transformational Leadership, Job Characteristics, and Organizational Citizenship Performance found a positive link between transformational leadership and employees' perceptions of their jobs (p.17).

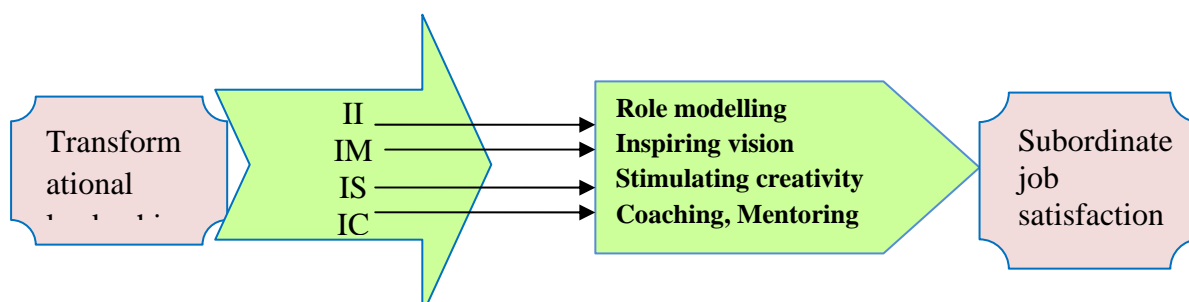
Another study conducted on 98 employees of U.S, India and China showed that under the influence of transformational leader, "employees can forget the geographical boundaries that separate them, remain committed, and work towards achieving the organizational goals" (Ramachandran & Krishnan, 2009, p. 35).

In the same manner, findings suggest that, engaging in transformational leadership behaviours is an effective strategy to help managers meet challenges. Transformational leadership behaviours, such as idealized influence, inspirational motivation, individualized consideration, and intellectual stimulation, are positively related to organizational performance and employee job satisfaction (Nemanich and Keller 2007).

III. Methodology

3.1 Conceptual framework

Transformational leadership has four dimensions or factors that build the subject. These four factors are: Idealized influence (charisma), inspirational motivation, intellectual stimulation and individualized consideration. The dependent variable "subordinate job satisfaction" relies on the factors of transformational leadership. In today's competitive world, it is difficult for organization to compete or even to survive without satisfying the need of their people. Since yet more emphasis has been given to the outcome of transformational leadership and less attention has been give to the process. Hence, investigating subordinate job satisfaction as a result of transformational leadership is the focus of this research.



Model of conceptual framework based on the concepts of Bass and Riggio, 2006

3.2 Research Hypothesis

Most studies confirmed that transformational leadership has positive effect on people in the organization. Such as: subordinate satisfaction with supervision, Lian and Tui (2008); measuring employee satisfaction, Maarleveld and Van der Voordt (2009); A dissertation on follower satisfaction, Saltz (2004); Articles on job satisfaction, Linz, (2003); Employee attitudes and job satisfaction, Saari and Judge, (2004); Organizational culture and job satisfaction, Lund, (2003); Role of transformational and transactional leadership on job satisfaction, Raiz, and Haider, 2010). No previous study was found regarding the research topic under study in Ethiopian context.

Hence, the following hypotheses were developed to test the effect of transformational leadership on subordinate job satisfaction in leather industry in Ethiopia.

Hypothesis 1

The components of transformational leadership have no effect on subordinate job satisfaction

Hypothesis two

Transformational leadership has no effect on subordinate job satisfaction

3.3 Participants

In this study, sample was drawn from leather industries currently operating at national level in Ethiopia. Two recently established companies (China-Africa leather industry and Dirre industrial group) with less than one year of operation at the time of study were excluded from the sampling frame. The researcher considers performance below one year is not sufficient for subordinates to evaluate their leaders. Hence, 22 leather companies have considered in the random sampling

framework. Then, ten companies selected using random sampling technique that covers 45.45%. After that, stratified sampling was used to keep the fairness representation of participants from each company depending on their human resource specific to the study. Questionnaire distributed to 168 subordinates of ten companies where 147 filled and returned with a response rate of 86.3%. Among the returned questionnaire, two of them dropped out because of significant missing values.

The demographic statistics for 145 subordinates are: (Mean = 3.6) with gender of participants dominated by male (Male = 108, Female = 37). Age of participants are categorized into seven where (below 20 covers only 2.1%; between age 21-26 cover the highest 33.1%; between 27-32 is 19.3%; 33-38 is 11%; 39-44 is 3.1%; 45-50 is 14.5% and 51 and above years covers 6.9%). Regarding their academic qualification 42% (n=61) has diploma, 31.6% (n=46) has BSC/BA, 1.2% has second degree and the remaining are found certificate (one year training after completion of grade 12) and below. Participants monthly salary (n = 61, 42.1%) receive birr (local currency equated 1 USD to 17.086) 1500 and below, then 15.9% of participants receive salary between 1501-2000, 11.7% of participants receive salary between 2001-2500, 4.1% of participants receive salary between 2501-3000, 6.9% of participants receive salary between 3001-3500, 3.4% of participants receive salary between 3501-4000, and those who receive 4001 and above covers 14.5% (table 1 & 2).

Table 1 demographic variables

Characteristics	Frequency	Percent
Gender		
Male	107	73.8
Female	37	25.5
Missing	1	.7
Total	145	100.0
Age		
20 or below	3	2.1
21-26	48	33.1
27-32	28	19.3
33-38	16	11.0
39-44	19	13.1
45-50	21	14.5
51 and above	10	6.9
Total	145	100.0
Education level		
12 or below	19	13.1
Certificate	16	11.0
Diploma	61	42.1
BA or BSC	46	31.7
MA or MSC	2	1.4
99	1	.7
Total	145	100.0
Monthly salary		
1500 or below	61	42.1
1501-2000	23	15.9
2001-2500	17	11.7
2501-3000	6	4.1
3001-3500	10	6.9
3501-4000	5	3.4
4001 and above	21	14.5
Missing	2	1.4
Total	145	100.0

Descriptive statistics for gender, age, educational level and monthly salary of respondents

Table 2: mean and standard deviation of respondents

Descriptive Statistics

	Std.		N
	Mean	Deviation	
Subordinates job Satisfaction	3.2406	.90002	145
Idealized Influence	3.6389	.88293	145
Inspirational motivation	3.6460	.84251	145
Intellectual simulation	3.5448	.81666	145
Individualized consideration	3.5437	.94852	145
Transformational leadership	3.6025	.78911	145

3.4 Instrumentation

The main source of data collection is from primary source. The researcher used adapted Multifactor leadership questionnaire (MLQ) for the independent variable and items from short form of Minnesota satisfaction questionnaire (MSQ). This questionnaire used after the content validity ratio (CVR) analysis of subject matter expertise and pilot testing has done.

The Multifactor leadership questionnaire (MLQ) used to assess the factors of transformational, transactional and laissez-faire leadership (Schriesheim, Joshua, and Scandura 2009). Studies confirmed that MLQ has excellent validity and reliability (Lievens, Geit and Coetsier 1997).

3.4 Procedure

The researcher adjusted the questionnaires with interest to make it conducive and relevant to the Ethiopian leather manufacturing industry context. The language English is not the medium of instruction in country at all level. Hence, the English version of the questionnaires was translated for those who may not perfectly understand English language into Amharic local language.

Then, after finalizing the questionnaire, subject matter expert analysis was conducted by giving the questionnaire to seventeen professionals in different institutions viz. Ethiopian management institute, International leadership institute, Institute of good governance and leadership and Adama University concerned professionals participated in the subject matter expert analysis. Subject matter experts (SME) constitute a panel and put their decision on each item as (1=not essential, 2=useful but not essential and 3=essential). Then, using Lashwe (1975) established minimum content validity ratio, the measurement items for a specific construct whose content validity ratio (CVR) values less than 0.49 is deemed not essential and deleted from subsequent consideration.

In the second phase, pilot test was conducted to detect problems of each item in the instrument. The pilot test was held on 20 respondents of two types: the manager and their subordinates of Adama garment industry in Adama city (Ethiopia). Next the final version of the questionnaires distributed to subordinates in the sampled companies. Covering letter that explains purpose of the study and ascertains confidentiality of the information received from respondents was sent with the questionnaire. In addition to the University formal letter, collaboration letter from Ethiopian leather development institute directorate office was accompanied to get the attention of executives. Then, executives of these company delegated human resource division to support the data collection process. Identifying the number of direct subordinates with their respective leader was handled with the human resource personnel and the researcher.

3.5 Data Analysis

For data analysis, the researcher used the software statistical package for social science (SPSS) version 16. The scores have correlated for all constructs of transformational leadership and subordinates job satisfaction to identify their relationships. Descriptive statistics such as: arithmetic mean, standard deviation and tables are included. To infer the variability explained in subordinate job satisfaction, result of transformational leadership is evaluated using regression analysis. Approximately normally distributed graph enables to use parametric statistical instruments.

3.5.1 Correlation

Correlation analysis among the four components of transformational leadership and subordinate job satisfaction used to test the relationship between the predictors and the criterion variables. Pearson correlation is an important tool to examine the association or the relationships between the predictors and the criterion variable for normally distributed graphs.

3.5.2 Regression analysis

To evaluate the effects of each dimensions of transformational leadership on subordinates' job satisfaction, the researcher used multiple regressions analysis. This tool has used to evaluate each independent variable in terms of Subordinate job satisfaction. The independent variables (the four dimensions of transformational leadership) are analyzed to predict the individual contribution of predictors and the summated effects of transformational leadership over subordinate job satisfaction.

IV. Results

4.1 Hypothesis one

Pearson product-moment correlation coefficient used to investigate the relationships between transformational leadership factors (idealized influence, inspirational motivation, intellectual simulation and individualized consideration) and subordinate job satisfaction. The outcomes of Pearson correlation coefficient found statistically significant correlations between each dimensions of transformational leadership and subordinate job satisfaction. Idealized Influence ($r = .597$, $df = 143$, $p < .001$), Inspirational motivation has ($r = .568$, $df = 143$, $p < .001$), Intellectual simulation has ($r = .506$, $df = 143$, $p < .001$), Individuated consideration found ($r = .575$, $df = 143$, $p < .001$ for subordinate job satisfaction and the summated transformational leadership ($r = .631$, $df = 143$, $p < .001$). All factors of transformational leadership have strong correlation with subordinate job satisfaction including the summated predictor variable (See table 3).

Table 3: Correlation between components of transformational leadership and subordinate job satisfaction

Correlations		subordinates job Satisfaction
Idealized Influence	Pearson Correlation	.597**
	Sig. (2-tailed)	.000
	N	145
Inspirational motivation	Pearson Correlation	.568**
	Sig. (2-tailed)	.000
	N	145
Intellectual simulation	Pearson Correlation	.506**
	Sig. (2-tailed)	.000
	N	145
Individualized consideration	Pearson Correlation	.575**
	Sig. (2-tailed)	.000
	N	145
Transformational leadership	Pearson Correlation	.631**
	Sig. (2-tailed)	.000
	N	145

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

Idealized influence correlate with subordinate job satisfaction with $r^2 = 35.64\%$ explained the specific variance in the dependent variables. Inspirational motivation has got $r^2 = .32.26\%$ variance in criterion variable. Intellectual simulation accounted for the variance $r^2 = 25.6\%$ in subordinate job satisfaction. This factor contributed the least of all other factors in explaining the dependent variable. Individualized consideration accounted r^2 value 33.06% in subordinate job satisfaction. The summated transformational leadership has r^2 value.398 explains 39.8% of the variance in subordinate job satisfaction. The summated factor correlation is found higher than its individual factors.

The effects of transformational leadership include all its components and their summation. It is vital to address the individual component's effect on criterion variables. Bass and Riggio, (2006) noted that although it is important to make general statements about transformational leadership using the summated score, it is often important to understand how much the individual elements contributed to explain the dependent variance.

The output of regression in model summary describes whether the model is successful in predicting subordinate job satisfaction or not. Entre method used to identify statistically determinant variables in predicting the dependent variable. The value of multiple correlation coefficients between the predictor and the outcome is indicated by R. R value is found .631 shows correlation between transformational leadership factors and subordinate job satisfaction. R^2 is the measure of how much of the variability in the subordinate job satisfaction is accounted for by predictors. In this study, R^2 is found .406. This value indicates that transformational leadership factors contribute 40.6% of the variation in subordinate job satisfaction (see table 4).

Table 4: Model summary of regression analysis

Model Summary ^b				
Model	R	Adjusted R Square	Std. Error of the Estimate	
1	.637 ^a	.406	.389	.70353
a. Predictors: (Constant), Individualized consideration, Intellectual simulation, Idealized Influence, Inspirational motivation				
b. Dependent Variable: Satisfaction of subordinates with present job				

Adjusted R^2 gives the basic idea of how well the model is to generalize the population. Ideally it would like to be the same or very close to the value of R^2 . In this study, the difference for the final model is small (R square –Adjusted R square, $.406-.389 = 0.017$). This indicates if the model has derived from the population rather than a sample it would account for approximately 1.7% less variance in the outcome. Hence, in the study the predictor variables accounted for 40.6% variance in subordinate job satisfaction. Since the difference between R^2 value and adjusted R square is only 1.7%, R^2 used as model for generalization.

Checking the value of Adjusted R square, using Stein's mathematical formula.

Stein's formula to find adjusted R^2 :

$$adjusted R^2 = 1 - \left[\left(\frac{n-1}{n-k-1} \right) \left(\frac{n-2}{n-k-2} \right) \left(\frac{n+1}{n} \right) \right] (1 - R^2)$$

"n" represents number of cases and "k" represents number of predictors. Where $n = 145$, $k = 4$

$$Adjusted R^2 = 1 - \left[\left(\frac{145-1}{145-4-1} \right) \left(\frac{145-2}{145-4-2} \right) \left(\frac{145+1}{145} \right) \right] (1 - 0.406)$$

$$\begin{aligned}
&= 1 - [(1.02857) (1.02877) (1.0069)] * (1 - 0.406) \\
&= 1 - (1.0654 * 0.594) \\
&= 1 - 0.633 \\
&= 0.368 = 36.8\%
\end{aligned}$$

This value close to the observed value of adjusted R^2 (.389) indicating that the cross validity of the model is good.

The ANOVA table shows that the computed F statistic is 23.918, with an observed significance level less than .001. The model overall resulted significantly good degree of prediction over subordinate job satisfaction (see table 5).

Table 5: ANOVA table for significance of the model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.353	4	11.838	23.918	.000 ^b
	Residual	69.293	140	.495		
	Total	116.645	144			

a. Predictors: (Constant), Individualized consideration, Intellectual simulation, Idealized Influence, Inspirational motivation

b. Dependent Variable: Satisfaction of subordinates with present job

The Coefficients table presents the standardized Beta coefficient between the predictor variable components of transformational leadership and the dependent variable subordinate job satisfaction. The Beta coefficient show positive and statistically significant at the different levels. Beta for Idealized influence ($t(140) = 2.385$, $p = .018$; Inspirational motivation ($t(140) = .905$, $p = .367$; intellectual simulation ($t(140) = .283$, $p = .778$; and individualized consideration ($t(140) = 2.569$, $p = .011$). The two factors viz. idealized influence and individualized consideration have higher t value with significant p value less than .05. The two factors are found determinant in predicting subordinate job satisfaction. The other two factors are found insignificant since their p value was observed higher than, .05 (see table 6). Thus hypothesis one is rejected.

Table 6: Determinants of transformational leadership factor over subordinate job satisfaction

Coefficients ^a									
Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	95% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta	t		Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.708	.280		2.525	.013	.154	1.262		
Idealized Influence	.300	.126	.294	2.385	.018	.051	.548	.279	3.584
Inspirational motivation	.123	.136	.115	.905	.367	-.146	.392	.262	3.814
Intellectual simulation	.033	.116	.030	.283	.778	-.197	.262	.382	2.617
Individualized consideration	.247	.096	.261	2.569	.011	.057	.438	.412	2.429

a. Dependent Variable: Satisfaction of subordinates with present job

4.2 Hypothesis two

In a simple regression, where there is only one predictor variable, the multiple R is equivalent to the simple R (Pearson product-moment correlation). The multiple correlation coefficients is found .631, and the R -square is 0.398. Thus, for this sample, the predictor variable transformational leadership has explained 39.8% of the variance in the dependent variable of subordinate job satisfaction.

The ANOVA table presents result from the test of the null hypothesis that R -square is zero. R -square zero indicates no linear relationship between the predictor and dependent variable. The ANOVA table shows that the computed F statistic is 94.279, $df = 143$, with an observed significance level less than .001. Thus, the summated transformational leadership is good model in predicting subordinate job satisfaction.

The Coefficients table present the standardized Beta coefficient between the predictor variable transformational leadership and the dependent variable subordinate job satisfaction. The Beta coefficient shows positive and statistically significant effect. Value of Beta = 0.631, $t = 9.733$, $p < .001$. Note that the standardized Beta coefficient of .631 is identical to the multiple R coefficients. This is because there is only one summated predictor variable.

V. Discussion

The current study is unique in reflecting non western culture that helps to improve our understanding of transformational leadership across culture. The result of the study revealed that transformational leadership style affects subordinate job satisfaction positively. The finding indicates high correlation between components of transformational leadership and subordinate job satisfaction. The value of r ranges from .506 for intellectual stimulation to .631 to the summated transformational leadership.

This finding is consistent with previous works of (Ahangar, 2009) that reported strong correlation between factors of transformational leadership and job satisfaction except for individual consideration that found moderate correlations ($r = .47$). Besides, it is also consistent with (Givens, 2008; Namanich & Keller, 2007; Daft, 2006; Purvanova, Bono, & Dzieweczy, 2006; & Voon et al.2011) that reported positive correlation between transformational leadership and subordinate job satisfaction.

The regression analysis inferred significant results for the model where the effects of transformational leadership predicted on subordinate job satisfaction. The study identified that Idealized influence and individualized consideration factors found determinant to predict the variance in subordinate job satisfaction. There are several practical implications that can be derived from these findings. First, a leader needs to be a role model for what he/she aspires about. Second, keeping moral reasoning and ethical standards need to be reflected permanently in the life of leaders in leadership position. Third, leaders should thoroughly understand their followers and give them continuous coaching and mentoring to move them on the ladder of development.

5.1 Conclusion, Limitation and Implication for future research

In conclusion, this study found consistent result with the prior work of research indicating high correlation between components of transformational leadership with subordinate job satisfaction and the summated transformational leadership. Only two factors viz. Idealized influence and individualized consideration have effect on subordinate job satisfaction. As the practical implementation of transformational leadership increase so does subordinate job satisfaction. It can be specifically concluded that the two factors of transformational leadership Viz. Idealized influence and Individualized consideration have significant contribution to achieve the objectives of creating subordinate job satisfaction.

The following limitations have drawn from this study. The first limitation is that the study is limited to only leather industry working at national level. Secondly the study used only one outcome of leadership that fenced to subordinate job satisfaction. Thirdly this study used survey method to collect data once during the time of study. Had it been other tools additionally incorporated, the finding may increase generalization. As a result, it didn't consider the changes that may arise from time to time. Fourth, the translation of the survey instrument to local Amharic language like the word "transformational leadership" was one of the challenges the researcher encountered during the time of instrument testing phase.

Further research needs in other industrial sectors to minimize the limitation of this study. It is also important to address other outcome of leadership such as effectiveness, extra effort; commitment and Organizational citizenship might be an alternative way to widen the scope of transformational

leadership effect on subordinate job satisfaction. Hence, as a fact of prior study, more research requires to increase our knowledge of understanding in Ethiopian context.

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