

# The Effects of leadership style on Organizational Commitment: The Mediating Role of Job Satisfaction, In Case of Oromia Forest and Wild Life Enterprise

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## Abstract

The purpose of the present study was to investigate effects of Leadership style on Organizational commitment with the mediated role of satisfaction. Data was gathered by closed ended questionnaires distributed to five OFWEL's in oromia. The scales used were the Multifactor Leadership Questionnaire, MLQ, the Job Satisfaction Survey, JSS and the Organizational Commitment Questionnaire, OCQ. The study population consisted permanent employees of OFWE's and 315 employees were selected by simple random sample. After processing and modifying the data, only 309 respondents used as the main resources analyzed by using Structural Equation Model (SEM). Confirmatory factor analysis using structural equation modeling (SEM) has been employed as a statistical tool to validate these interdependence relationships. Confirmatory Factor Analysis (CFA) would be used to estimate the adequacy of the measurement model for each construct. Some of the results were according to the expectation after theory examination, but others were surprisingly contradictive. Transformational leadership had a direct and indirect effect on organizational commitment. Leadership style had positive indirect effects on organizational commitment. Based on the result of this research it is recommended that transformational leadership style should be practiced in OFWEs to gain satisfied and committed employees. The findings of the study are expected to provide a source of information for policy makers, researchers and human resources professionals to understand link between organizational cultures, leadership style on organizational commitment, with mediating role of job satisfaction in OFWEL's.

*Keywords:* Leadership style, Job satisfaction, Organizational commitment, Oromia forest and wild life enterprise.

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## 1. Introduction

Organizational efficiency and effectiveness improve through being connected, attached and going beyond the basic requirements of the job which tend to organizational (Williams & Anderson, 1991). Employees are the greatest resource for organization can have and it is through their involvement and commitment that the organization can become competitive.

Employees who are committed are liable to increase their performance and devote their time to the organization. Organizational commitment is often described as the key factor in the relationship between employees and organizations (Raju & Srivastava, 1994).

Satisfied employees by means of an affective orientation or a positive attitude, achieves a positive result in relation to his/her job, in general, or to specific personal aspects and they are being to try new ideas and could participate more in the decisions that need to be made (Kivimaki & Kalimo, 1994). This results of good leadership practice to improved communication among employees and workforce support for the organization Organizational commitment and job satisfaction (Lok & Crawford, 2004), (Wilson and Rosenfeld (1990).

Leadership is seen as a determinant of several aspects in the way employees behave, so its impact cannot be

overlooked and good leadership styles and trustworthy, make employees follows that leaders for accomplishing the organization’s goals. This leads to positive results for the organization which in time affects job satisfaction and organizational commitment (Randeree & Chaudhry, 2012).

The role of leadership is well investigated on the basis of its competences and characteristics to address different organizational issue. Defining and discussing different characteristics of leadership, authors also mention that some of these characteristics are more important, which should have to address the phenomena of organizational effective successfully.

Study reveals that, an organization with poor of leadership has little chance for survival (Yousef, 1998), this may increase turn over intention.

Sensing the gap of poorness of leadership, the researcher was examining enterprises, leadership style effects on commitment and with employee job satisfaction which effects of enterprise successfulness.

1.1. The Study

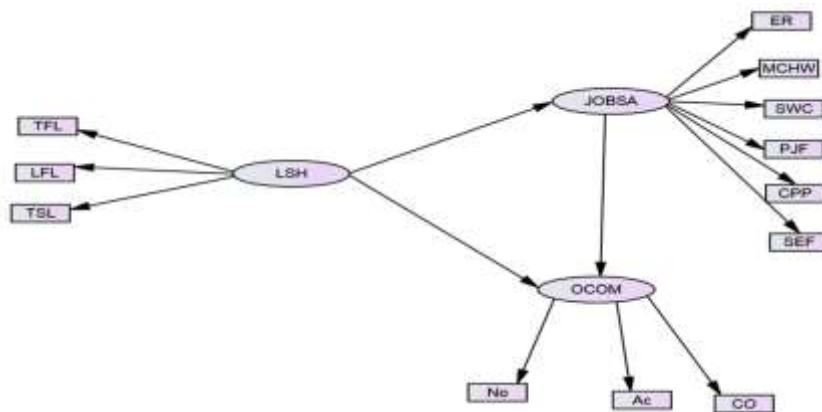


Fig. 1 Conceptual model of research

1.2. Research Hypotheses

The following research hypotheses guided the study:

- H<sub>1</sub>: There will be the positive relationship between Transformational Leadership and Job Satisfaction
- H<sub>2</sub>: There will be the positive relationship between Transactional Leadership and Job Satisfaction
- H<sub>3</sub>: There will be the negative relationship between Laissez- Faire Leadership and Job Satisfaction
- H<sub>4</sub>: Job satisfaction is positively mediate the relationship between Transformational leadership styles and organizational commitment
- H<sub>5</sub>: Job satisfaction will be negative mediates the relationship between Transactional leadership style and organizational commitment.
- H<sub>6</sub>: Job satisfaction will be negative mediate the relationship between Laissez- Faire Leadership styles has negative impact on organizational commitment
- H<sub>7</sub>: Transformational leadership has a positive direct impact on Organizational commitment
- H<sub>8</sub>: Transactional leadership has a positive direct impact on Organizational commitment
- H<sub>9</sub>: There is a positive relationship between leadership style and organizational commitment.
- H<sub>10</sub>: Job satisfaction is positively mediates the relationship between leadership style and organizational commitment.

## 2. Materials and Methods

The current research is a descriptive and correlational study that was conducted through the survey method. The statistical population of the research consisted of permanent employees selected five branches of OFWE's. The number of employees during the research was 3200 persons, and 315 persons were selected as volume of sample by using Avilio, (1984). Considering these total numbers, 73% of participants were male, more than 72% of them had BA and upper, nearly 34% of them had 11-15 years of work experience, and more than 44% of them were over 36-45 years old Salary division, as can be seen in the figure below 50% of the sample population, earns more than 7000 a month. In this research three questionnaires were used to collect the data that these questionnaires were adjusted based on Likert scale ranging from 1 to 5. The first questionnaire was to evaluate the leadership style and included 26 questions and the average factor loading for these items is 0.705, the composite reliability and Cronbach's alpha for the scale is 0.818.; the second questionnaire was to assess the job satisfaction and involved 20 questions. The average factor loading for these items is 0.6, and the composite reliability and Cronbach's alpha for the scale is 0.724; and the third questionnaire was to evaluate organizational commitment and included 15 questions. The average factor loading for these items is 0.7, and the composite reliability and Cronbach's alpha for the scale is 0.717.

## 3. Results

Data analysis in this study was used by applying the two-step approach (Anderson and Gerbing, 1988). The first step in using the confirmatory factor analysis (CFA) is to evaluate the measurement model. After that, the structural equation modeling (SEM) is used in order to evaluate the numerical confirmatory. This type of modeling is also used to confirm the validity of the structural model. When investigating the structural model, the proposed hypotheses indicate the relationships between the latent variables. Here, the purpose is to investigate this issue of whether or not the data supports the suggested concepts (Vieira, 2009), and the results are presented in Figure 2 the information indicates that conceptual model of research had very good fit.

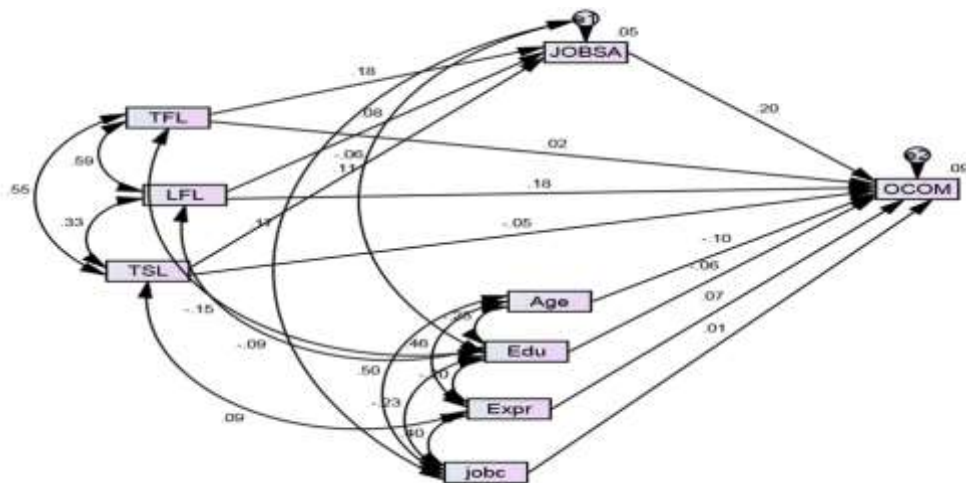


Fig. 2 Results

Table 2 Model fit for leadership variables effects on organizational commitment with the mediating role of job satisfaction.

Index	value	Accepted
Root Mean Square Error of Approximation (RMSEA)	0.034	Less than 0.09
Normed Fit Index (NFI)	0.973	More than 0.95
Goodness of Fit Index (GFI)	0.95	More than 0.95
Adjusted Goodness of Fit Index (AGFI)	0.95	More than 0.95
Comparative Fit Index (CFI)	0.992	More than 0.95
Incremental Fit Index (IFI)	0.993	More than 0.95
Tuker-Lewis Index (TLI)	0.975	More than 0.95
Relative Fit Index (RFI)	0.967	More than 0.95

Chi-square difference ratio (Chi-square = 8.78414.85)  
 Degrees of freedom = 11  
 Probability level = .189

Fit indexes in Table 2 presents that conceptual model of research has very good fit. In other words, suggested model has appropriate fit of the leadership style components effects on organizational commitment

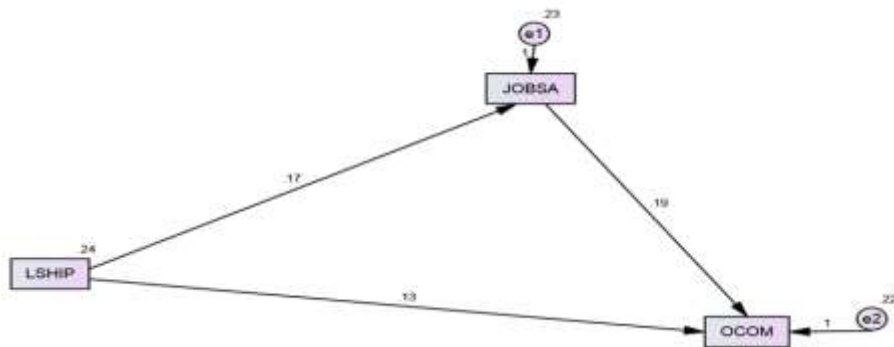


Fig. 2. Leadership style effects on organizational commitment, mediating role of job satisfaction

Table 3 Summary of Model fit for leadership style effects on organizational commitment, mediating role of job satisfaction.

Index	value	Accepted
Root Mean Square Error of Approximation (RMSEA)	0.034	Less than 0.09
Normed Fit Index (NFI)	1.000	More than 0.95
Goodness of Fit Index (GFI)	1.000	More than 0.95
Comparative Fit Index (CFI)	1.000	More than 0.95
Incremental Fit Index (IFI)	1.000	More than 0.95
Tucker-Lewis Index (TLI)	1.000	More than 0.95
Relative Fit Index (RFI)	1.000	More than 0.95

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Chi-square difference ratio (Chi-square = 0.000)

Degrees of freedom = 0

Probability level = cannot be computed

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Table 4 presents the testing of research hypotheses. Results of Table 4 indicated that leadership style, except, transactional leadership style (-0.49) had positive direct effects on organizational commitment; Laissez- Faire Leadership (0.178) positive direct effect on organizational commitment than transformational leadership (0.037)

In addition, the results of path analysis indicated that leadership style beyond its direct effects on organizational commitment influenced through job satisfaction that indirect effects was significantly higher (0.089) than indirect impact (0.026). Thus, it can be resulted that employee's job satisfaction had a mediator impact on the relationship between leadership style and organizational commitment. Therefore, the ten hypothesis of the research was verified.

Table 4 Testing of Research Hypotheses

Hypotheses	Regression Coefficient	P-value	Result
H <sub>1</sub> . There will be the positive relationship between Transformational Leadership and Job Satisfaction	0.179	0.020	supported
H <sub>2</sub> . There will be the positive relationship between Transactional Leadership and Job Satisfaction	-0.57	0.381	
H <sub>3</sub> . There will be the negative relationship between Laissez- Faire Leadership and Job Satisfaction	0.083	0.221	Not supported
H <sub>4</sub> : Job satisfaction is positively mediate the relationship between Transformational leadership styles and organizational commitment	0.037	0.020	supported
H <sub>5</sub> : Job satisfactions will be negative mediates the relationship between Transactional leadership style and organizational commitment.	-0.008	0.381	supported
H <sub>6</sub> : Job satisfaction will be negative mediate the relationship between Laissez- Faire Leadership styles has negative impact on organizational commitment	0.016	0.221	Not supported
H <sub>7</sub> : Transformational leadership has a positive direct impact on Organizational commitment	0.019	0.134	supported
H <sub>8</sub> : Transactional leadership has a positive direct impact on Organizational commitment	-0.49	0.134	Not Supported
H <sub>9</sub> : There is a positive relationship between leadership style and organizational commitment.	0.089	0.152	supported
H <sub>10</sub> : Job satisfaction is positively mediate the relationship between leadership style and organizational commitment	0.027	0.152	supported

#### 4. Conclusion

Commitment of employee should be seen as the organizations competitive advantage. To sustain that competitive advantage, organizations need to develop a relationship with their employees the general attitude of people towards their job is a behavioral phenomenon that is part of their identity and is considered their “job satisfaction. This satisfaction is rooted in positive and negative views that the individuals have toward their work. Employees with a higher level of job satisfaction are less likely to be absent or to leave.

Transactional leaders however only reach their expected outcomes when they offer rewards or other incentives in return (Bass & Avolio, 1990).

In contrast to transactional and transformational, laissez-faire is a passive kind of leadership style (Long & Thean, 2011). This is an effective style to use when: Employees are highly skilled, experienced, and educated, Employees have pride in their work and the drive to do it successfully on their own, Outside experts, and such as staff specialists or consultants are being used Employees are trustworthy and experienced.

Accordingly, the main goal of the researcher formulated to determine the effects of “leadership style (Transformational, Transactional) on organizational commitment in Ormia forest and wild life enterprise, through the mediating role of Job satisfaction” based on drowned, collected and analyzed data; the researcher were observed the following finding.

The finding of the research indicated that Transformational Leadership styles has a positive direct effect ( $\beta=.179$ ) on job satisfaction than transactional ( $\beta=-.057$ ) and laissez fair leadership ( $\beta=.083$ ), and also laissez fair leadership style more positive direct effect on job satisfaction and transactional leadership style negative direct effect on job satisfaction than transformational and laissez fair leadership style.

Other finding of the research indicated that transactional leadership style has a negative direct effect ( $\beta=-.049$ ) on organizational commitment when compare to transformational ( $\beta=.019$ ) and laissez fair leadership style ( $\beta=0.178$ ). The effectiveness of leaders to lead an organization depends on how they deal with the employees as it affects their motivation. Linda Rhoades and Robert Wiesenberger (2002). Employees may show signs of commitment to their organization as an expression of contentment proactive in receiving support by their employer. Lynn M. Shore and Ted H. Shore (1995) other study stated that, there is a relationship between organizational commitment with the outcome measures of supervisory trust, job involvement, and job satisfaction which ultimately increase trust in the leaders. Therefore, it is likely that leadership style may have its own significant effect on organizational commitment. The mediating role of job satisfaction between transactional leadership and organizational commitment founded negative an effects ( $\beta=-.011$ ), in contrast to this positive mediating role between transformational and laissez fair leadership on organizational commitment. But standardized indirect effect of job satisfaction between transformational leadership ( $\beta=.035$ ) on organizational commitment strong effects, when compare to laissez fair leadership style ( $\beta=.016$ )

Leadership style had positive ( $\beta=.142$ ), ( $\beta=.089$ ) direct effect on job satisfaction and organizational commitment respectively, while job satisfaction has a positive ( $\beta=.027$ ) mediating role between leadership style and organizational commitment. The indication of this resulted were stated that, there were good leadership practiced in Oromia forest and wild life enterprise while transactional leadership style had negative direct effects on organizational commitment ( $\beta=-.057$ ), which enterprise should give attention.

## Recommendations

- Further research should be conducted to other concepts that influence Organizational Commitment. Leaders should realize that influencing the commitment of employees leads to higher performance and lower turnover rates among other things.
- Leadership should be assessed and managers should become aware of what is needed to obtain positive results from employees in order to improve commitment.

OFWE's are recommended to emphasize more on transformational leadership style which can help improve organizational commitment. So as to enhance organizational commitment through effective leadership, OFWE's are recommended to improve leadership style, value, perception and skill of supervisor and top management facilitating and providing training.

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