

The Impact of Leadership Style on Employee  
Satisfaction: The Case of BLOM Bank and LGB  
Bank in Lebanon

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A Thesis  
presented to  
the Faculty of Business Administration and Economics  
at Notre Dame University-Louaize

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In Partial Fulfillment  
of the Requirements for the Degree  
Master of Science

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by  
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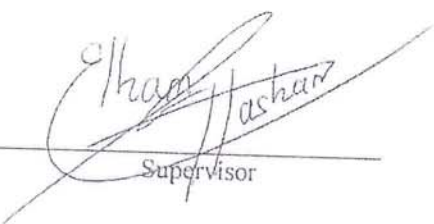
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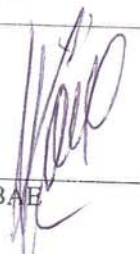
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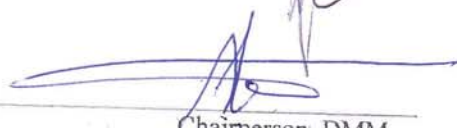
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## **DECLARATION**

I hereby declare that this Thesis is entirely my own work and that it has not been submitted as an exercise for a degree at any other university.

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## ABSTRACT

### **Purpose:**

This dissertation aims to detect what leadership style is mostly adopted in the alpha banks in Lebanon and investigates the corresponding impact of the different leadership styles on employee satisfaction. This study shall conclude the leadership style that should be most adopted to reach the highest level of employee satisfaction.

### **Design/methodology/approach:**

The research approach was specified as a deductive one. Then, the population represented by the chosen sample of 124 bank employees, specifically 62 from each of LGB and Blom bank. In addition, the research strategy was specified to be the survey method, where the primary tool for data collection is the questionnaire.

### **Findings:**

The comparative study verified hypothesis 1 where the leadership style varies between Blom and LGB banks. Next, the results of the regression analysis were illustrated, verifying that leadership style does affect the level of satisfaction, thus verifying hypothesis 3. In addition, the fourth hypothesis was also verified, since the different leadership styles yielded different degrees of influence on the level of satisfaction.

### **Research limitations/implications:**

The difficulties started with the revolution which caused repetitive bank closures making it impossible to distribute the questionnaires and proceed with the investigation. Then, this issue was amplified with the Covid-19 pandemic and the regulations that were set to face it. Finally, the internal regulations of the bank and the decrease in their hour of work made the collection of data more difficult.

### **Practical implications:**

This study helps supervisors understand what best suits its employees and satisfies them. In addition, it helps them understand the level of satisfaction of their employees, evaluate the attitudes and managerial approaches of their managers and extend perhaps this research to link its results to the performance of their employees and the bank as a whole.

### **Originality/value:**

This topic is a unique study conducted to compare between BLOM Bank and LGB Bank, highlighting the importance of Leadership Style on employee Satisfaction. The Study focuses on how effective leadership style will affect employee satisfaction and thus ensuring organizational success and sustainability.

**Keywords:** Leadership Style, Employee Satisfaction, Autocratic leadership Style, Democratic Leadership Style, Transactional Leadership Style, Transformational Leadership Style, Lebanese Bank (LGB and BLOM Banks)

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## **Chapter 1: Introduction**

### **1.1 General Background about the Topic**

Despite ample research, there is still no consensus on the definition of the term leadership; however, leadership delineates the social process by which a leader amasses the participation of followers who join mental and physical resources to attain common goals and objectives (Winston and Patterson, 2006; House and Podsakoff, 1994). Furthermore, the literature published on the topic reports that there are over forty theoretical approaches of leadership, each of which focuses on a certain leader aspect or a desired leadership outcome (Kim and Kang, 2015).

According to Youssef-Morgan and Luthans (2013), positive leadership is a new approach that has proven to enhance work environments by supporting and nurturing subordinates in order to provide them with sufficient guidance to attain the stated organizational goals. This novel theory aims to increase commitment to the leader's vision hence causing synergy. Followers who are committed to the leader's vision tend to be more effective and productive. They also yield higher performance and report fewer cases of absenteeism. A key component of positive leadership is employee empowerment as subordinates receive more delegation and find themselves responsible for new, important tasks that promote personal as well as career growth.

From a different angle, job satisfaction is defined by Loi, Chan and Lam (2014) as the intrinsic sense of fulfillment and enjoyment an employee derives from his or her job. Job satisfaction is a very important criterion that affects a worker's citizenship behavior, productivity and performance. In fact, organizations that promote their workforce's job satisfaction yield superior performance and leverage more core competencies than their competitors. Moreover, higher levels of job

satisfaction are correlated to higher innovation, possibly due to employees' willingness to invest further mental resources towards the improvement of the firm or due to the intrinsic happiness derived from task and decision-making participation (Braun et al., 2013). Furthermore, Wong and Laschinger (2013) argued that worker empowerment is crucial for job satisfaction as empowered employees feel more appreciated and invested in their roles in the organization. This is why autocratic styles of leadership often result in lower job satisfaction and higher levels of compliance or resistance from workers. Compliance is defined by Jolly et al.

(2014) as employees' obedience to a leader's demands without being emotionally invested in the task, whereas resistance is defined as the implicit or explicit opposition exhibited by employees against a leader's requests. Both of these responses to power have proven less effective than commitment, which is a third type of response that pertains to subordinates' welcoming of the leader's requests and their emotional investments in the tasks.

Due to the importance of job satisfaction in increasing and maintaining the performance of companies and knowing that the banking industry is one of the most performing industries in

Lebanon. This study shall tackle the topic of 2 alpha banks in Lebanon: BLOM Bank and LGB Bank, taking into consideration the different leadership styles adopted by its several leaders or supervisors and the respective level of satisfaction of its employees. Lebanon's Alpha banks maintained a steady upward performance over the last few years despite the recent turmoil that plagued the country's economy. Alpha banks, characterized as commercial banks that possess deposits of over two billion U.S dollars, endured severe political deadlock during 2016's first three quarters. There are fourteen Alpha banks in Lebanon which yielded a domestic expansion of 22

branches in 2016 alone; however, these were impacted by the overall economic slowdown which hindered the Alpha Group's global presence, leading to the closedown of over 69 branches worldwide. Nationally, Alpha banks attained a marginal annual increase of 0.96% in net profits equating 1.68 billion U.S dollars and a 62% growth in international profits abroad totaling to 590 million U.S dollars in 2016 (Azar, et al., 2016). This steep increase in the banks' profits overseas can be credited to the cost reduction following the closedown of branches and it can also be due to the enhanced economic situations in other nations that permitted the surge in profits. The number of employees employed in Lebanon's Alpha banks remained somewhat steady as it only decreased from 30,745 in 2015 to 30,556 in 2016 (Antonios and Mikhael, 2017).

## **1.2 Need for the Study**

Due to the various forces of change impacting business environments, effective leadership is crucial for the success and sustainability of firms. The effectiveness of a leader is contingent on several factors, such as the type of industry the organization is operating in, the size of the corporation and the Leader-Member-Exchange (LMX), defined by Graen and Uhl-Bien (1995) as the dyadic relationship between a leader and his or her followers. Significant attention is being paid to the topic of leadership as scholars and professionals try to differentiate and identify the proper leadership styles that yield the best results while ensuring employee commitment and satisfaction. Changes in the business environment require organizations to conduct constant reassessments on the strategies and methods that they use to carry out their operations. The same is in fact true for leaders. Leaders must reflect on the style that they use to communicate and interact with their employees, as these two have been proven to have the biggest impact on employee job satisfaction.

A common problem in the banking industry is that many leaders tend to be either too complacent or too close-minded to be receptive to change. Many are not willing to accept the possibility that there is something wrong with the way how they are leading their employees. The end result of these instances of course would be negative, not just for the employees but for the entire organization (i.e. banks).

As most commercial banks need to follow strict protocol hence employ high formalization, they are often unable to promote positive leadership styles at work. Adeyemo, Terry and Lambert (2015) reported that Alpha banks usually employ certain degrees of autocratic and coercive leadership in order to attain organizational goals and ensure the organization's sustainability. This mechanistic structure, although detrimental to employees' morale and job satisfaction, allows managers to maintain a tight grip on decision making processes and satisfy shareholders. Recent studies argue that coercion results in compliance, which translates to resistance on the long run hence jeopardizing the leader's following and significantly deterring LMX relations. Hence, banks are currently considering employing organic, flexible and innovative styles that not only increase employee satisfaction and morale, but also enable the firm to deal with unanticipated changes stemming from the organization's internal and external environments (Javed, Jaffari and Rahim, 2014). Mackenzie et al. (2001) suggested that employees who have high levels of job satisfaction tend to perform better compared to their counterparts with low levels of job satisfaction; because employees with high levels of job satisfaction perform their duties not because they have to or because they are being paid to do so, but because they actually love doing what they are doing.

As mentioned earlier, leadership styles and job satisfaction are both complex. The fact is that there are still a lot of unknowns about these two concepts, which is why

studies that are aimed at offering different explanations about the impacts of leadership styles on the job satisfaction of employees are still being implemented. Despite the fact that a large number of studies have already been published about this topic, there is still no clear consensus about the specific style of leadership that can deliver the best results. Every organization is unique. Leaders should always be willing and ready to adapt to the requirements of an organization, regardless of what they may be.

The current study about the impacts of leadership styles on job satisfaction within the context of the alpha banks in Lebanon should offer unique insights about how the relationship between the two variables holds up in the current setting. Furthermore, a comparative study between two different banks, with substantial varying performances and ranking might highlight the effect of different leadership styles and their effect on the satisfaction of employees and thus the ultimate effect on their efficiency specifically and the efficiency of the bank as well. This helps the banking industry understand what approaches should be adopted by its managers and supervisors to ensure better employee satisfaction without affecting the organization's sustainability.

### **1.3 Purpose of the Study**

According to Antonios and Mikhael (2017), Alpha banks often implement mechanistic and centralized organizational structures in order to ensure that transactions are successfully completed and that the banks' staffs follow protocol. Yet, Jaskyte (2013)'s research states that high formalization is negatively linked to job satisfaction as it avoids employee empowerment and often results in punishment and coercion. This dissertation, hence, aims to detect what leadership style is mostly



adopted in the alpha banks in Lebanon and investigate the corresponding impact of the different leadership styles on employee satisfaction. This study shall conclude the leadership style that should be most adopted to reach the highest level of employee satisfaction.

This investigation is done by detecting three major points:

- The leadership styles that are adopted by BLOM bank and LGB bank in Lebanon and the top one.
- The degree of satisfaction yielded by each leadership style.
- The leadership style that yields the highest degree of satisfaction.

In addition, this investigation will be done by attempting to answer four research questions, which shall be translated into four hypotheses. The research questions and hypotheses will be discussed in Chapter 3.

First, a comparative study shall be conducted between BLOM bank and LGB bank where the difference in the leadership styles shall be detected. In addition, a comparison between the levels of satisfaction of employees in BLOM bank and LGB bank shall be studied.

Furthermore, this paper attempts to generate models to describe or explain the relationship that exists between different leadership styles and the level of satisfaction. In addition, by generating the different weights of each leadership style on the level of satisfaction, the most efficient leadership style, in terms of employee satisfaction, shall be detected.

Several models shall be generated in this paper. Each model shall be describing the relationship between an existing leadership style and the level of satisfaction, with each style taken separately. Then, the existing leadership styles and the corresponding levels of satisfaction shall be studied in one model in order to detect the leadership

style with the highest impact. In all the models, the level of satisfaction shall represent the dependent variable and the leadership styles shall represent the independent variables.

#### **1.4 Brief Overview of all Chapters**

A conceptual framework introduces the second chapter which tackles the literature on the subject under study, where the leading leadership styles are introduced. As a second section in the second chapter, detailed empirical evidence on each of the main leadership styles is found. The strategies, data collection process, sample and population are all explained in the third chapter of this paper, the methodology chapter. The analysis of the data collected and the findings of the study are demonstrated in chapter four. In addition, the comparison between the two different banks shall be demonstrated. Finally, the paper is concluded in the fifth chapter by revealing the limitations faced while conducting this research and the implications of the study where the most effective leadership style is specified and recommendations on ways aiming at enhancing its implementation in the banking industry are suggested.

## Chapter 2: Literature Review

### 2.1 Conceptual Framework

Interestingly, Crossman and Zaki (2003) found that job satisfaction among Lebanese banking employees tend to be consistently lower among those parts of the sample population with lower educational qualifications. Job experience and employment status (e.g. status in terms of tenure) were also found to be major contributing factors; specifically, Lebanese banking employees who were more experienced and with a higher level of position tend to have more positive outcomes in terms of job satisfaction and job performance.

This only highlights the importance of the role that job satisfaction plays in the management of an organization. “Job satisfaction refers to the employees’ perceptions of their working environment, relations among colleagues, earnings and promotion opportunities” (Belias and Koustelios, 2014, p. 187), therefore, it serves as an effective way for managers to test the health of an organization. An organization that has a higher level of employee job satisfaction tends to outperform those whose employees are unsatisfied.

The use of linear and rigid frameworks to try to make sense of the impact of the employee’s job satisfaction on the outcomes of an organization’s operations is usually not recommended, because job satisfaction is also a multi-factorial concept or function. There is already a large collection of previously published studies about job satisfaction. In Spector’s (1997) study, for example, job satisfaction was described as a state of emotional positivity that results from the pleasure an employee derives from his or her job (Spector, 1997).

This positive emotional state may also be a direct result of the combination of an employee’s cognitive and affective attitudes and perceptions about his or her job, or

various aspects of it. An employee who has a negative attitude or perception about his job from the very start, for example, is unlikely to develop the same degree of job satisfaction that a counterpart who has a positive attitude or perception about the same job.

An important theory on employee satisfaction is the situational job satisfaction theory (SJS). The idea behind the situational theory of job satisfaction is that the interaction of variables such as work characteristics, organizational characteristics, and individual characteristics is likely going to have an influence on how satisfied an employee would be with his job (Cohrs, Abele, and Dette, 2006).

The assumption in previously published studies is that a typical employee's assessment of the situational characteristics (work, organization, and individual) occurs prior to the commencement of the employment (i.e. pre-hiring stage). The actual situational occurrences, however, are only evaluated after the employee has already had a first-hand experience working for the job. These occurrences are then used by the employee as a feedback that would determine his degree of satisfaction or dissatisfaction with his job.

Based on the ideas presented by the proponents of the situational theory of job satisfaction, job satisfaction is a function of the combination of the situational characteristics and situational occurrences that are tied to the job in question. The leadership style being used to manage and handle the employees is generally considered as situational characteristics. Therefore, this highlights the importance of the leadership style being adopted in the organization in determining or yielding high degrees of employee satisfaction.

Traditional approaches of leadership mainly emphasize classical leadership styles such as autocratic leadership. This theory, established by Kurt Lewin during the 1930s

pertains to the leader's full control over resources and decision-making. Autocratic leaders are often characterized as authoritative and coercive leaders who are not concerned with their subordinates' stances on issues, but instead solely reliant on their own perspectives (Lewin and Lippitt, 1938). Kurt Lewin, Ronald Lippitt and Ralph White also identified democratic leadership wherein empowered followers participate in decision-making processes. Democratic leaders do not centralize power or authority, but instead share tasks and highly delegate in order to empower employees and increase organizational commitment and citizenship behavior (Dansereau et al., 2013).

Transactional leadership, on the other hand, promotes the establishment and maintenance of an exchange-based relationship between the leader and his followers (or between the employer and its employees). A strong emphasis on the concept of self-interest is often highlighted in a setting where an organization uses a transactional style of leadership to manage its employees. According to Pearce and Sims (2002), the use of transactional leadership is not all that bad, because its use has long been known to be an effective way to boost productivity, where setting and achieving goals tend to be easier. In addition, the clarity and conciseness of the structure that transactional leadership provides also allows employees to focus on what needs to be done. Employees of an organization that uses this management style are often provided with a clear set of instructions and are required to follow an established chain of command. This systematic structure allows organizations and its leaders to have a greater amount of control over their employees—a characteristic that can be helpful, if used properly.

However, novel approaches such as the transformational leadership style have adopted concepts of humanistic psychology to implement in business environments; these concepts stress emotional support, guidance and positive reinforcement in order

to yield employee citizenship, commitment and satisfaction (Huggins and Thompson, 2017). The transformational leadership style is applied by “superiors who motivate their subordinates to perform at a higher level by inspiring them, offering them intellectual challenges and paying attention to their individual needs” (Belias and Koustelios, 2014, p. 187). Transformational leaders often emerge during times of crisis or when the organization is implementing change. They create a strong vision that inspires subordinates and renders the highly committed to the leader’s goal (Belias and Koustelios, 2014). The shift from classical approaches to novel styles is a result of changes in culture, social values and other forces that impact leadership; hence, leadership styles that proved effective in certain eras or situation are no longer successful due to the aforementioned changes. For instance, the famous scientific management theory proposed in the 20<sup>th</sup> century by Frederic Taylor is currently regarded as unproductive and inhumane.

## **2.2 Empirical Evidence**

Several studies on the impact of leadership styles on employee satisfaction have evolved especially since the start of the focus of businesses on the importance of employee satisfaction on the performance of the employee and thus its impact on the performance of the organization as a whole. Based on evidence from several studies tackling this same subject in different businesses and industries, efficient leadership styles have shown to have positive influence on the satisfaction of employees. However, different leadership styles have had different effects in varying industries which shall be revealed in the detailed empirical evidence on each of the four leadership styles understudy in this paper.

### **2.2.1 Autocratic and Democratic Leadership Styles**

Fiaz et al. (2017) have investigated the effect of different leadership styles, specifically the autocratic, democratic, and laissez-faire style, on employee motivation. Surveys were used for data collection and the multiple regression method was conducted. The study was conducted in Pakistan focusing on the bureaucratic environment of emerging economies where 110 senior level and middle level managers working at an independent organization under the administrative control of the government. Results of this investigation proved that the autocratic leadership style negatively affects employee motivation revealed by the significant negative relationship between that style and employee motivation. However, the democratic and the laissez-faire styles showed positive results with preference for the democratic one where recommendations of the researchers focused on enhancing the democratic leadership style for top management.

Similarly, Yukongdi (2010) investigated the effect of different leadership styles on job satisfaction and decision-making. He chose a sample of employees working at manufacturing companies in Thailand. The techniques used were the correlation analysis and the analysis of variance. Results proved that the least preferred leadership style is the autocratic. Furthermore, employees perceiving their supervisors as democratic showed higher degrees of job satisfaction and influence in making decisions.

Furthermore, Kushell and Newton (1986) investigated the influence of democratic and autocratic leadership styles on the job satisfaction of female and male employees. The sample used included 144 males and females from communication courses at a well-known western university. The subjects were divided to 4 groups, each with a type of leaders from the following: male autocrats, female autocrats, male democrats

and female democrats. Results showed that both male and female subjects had higher levels of satisfaction with democratic leaders, whether males or females. In addition, female employees showed higher levels of dissatisfaction with autocratic leaders.

Another study proving the positive influence of the democratic leadership style on the satisfaction of employees was conducted in the health industry in Iran. Rad and Yarmohammadian (2006) collected data through 2 questionnaires distributed to 814 first line, middle and senior managers from hospitals in Iran to study the effect of leadership styles on the satisfaction of those employees. The findings of their study proved that the democratic style, the so-called participative style in their study, had the highest positive influence on the satisfaction of those employees.

Another interesting study investigating the impact of different leadership styles is that of Al-Ababneh (2013). The researcher conducted his study in five-star hotels by distributing a 57 items questionnaire to 350 employees (although only 220 were used). Inferential statistics was applied and the results revealed that the democratic and the laissez-faire leadership styles are positively related to employee satisfaction, with a higher influence on job satisfaction for the democratic style. These findings proved that the democratic style is the one convenient in the management of hotels.

Bhatti et al. (2012) investigated the effect of autocratic and democratic leadership styles on job satisfaction in the sector of education. For data collection purposes, a questionnaire with 23 items was distributed to 205 male and female teachers in public and private schools in Canada. In addition, some descriptive analysis, the inferential statistics that were conducted to reach conclusive results concerning the relationship under study was ANOVA, correlation analysis and regression analysis. The findings reveal that the level of satisfaction does not vary with gender; however, it varies between public and private schools where the teachers of public schools were more



satisfied. What is more important is that the democratic leadership style was shown to have a positive impact on job satisfaction, since they can freely communicate their ideas and points of view in all issues.

### **2.2.2 Transactional and Transformational Leadership Styles**

Paracha et al. (2012) studied the relationship between job satisfaction and two leadership styles, the transformational leadership style and the transactional leadership style in the educational sector. Data was collected through multifactor leadership questionnaires distributed to 250 teachers from 6 schools in Rawalpindi and Islamabad, however the responses were collected from only 124 questionnaires. Correlation and regression analyses were conducted to detect the type of relationship between job satisfaction and the 2 leadership styles. The findings of the study show that both the transactional and the transformational leadership styles have a significant positive impact on job satisfaction, however, the impact of the transactional leadership style is more powerful.

DeGroot, Kiker, and Cross (2000) also focused on the typical duo of transactional versus transformational style of leadership. DeGroot, Kiker, and Cross (2000) confirmed that there is indeed a positive relationship between the use of transformational leadership and employee performance and job satisfaction.

Another study tackling the educational sector was that of Naile and Selesho (2014) investigating the role of the transformational leadership style on the job satisfaction and job commitment. They also conducted a study on the teaching staff, however reached different conclusions. The study involved 184 teachers from 13 high schools who had to complete a Multifactor Leadership Questionnaire (MLQ). The conclusion of the study revealed that there is no direct relationship between the transformational

leadership style and job satisfaction, however, the transformational leadership style affects job commitment which thus positively affects job satisfaction.

Similarly, in the same industry, another study was conducted in the public universities of Pakistan where unexpected results were reached. Saleem (2015) investigated the effect of the transactional leadership style and the transformational leadership style on job satisfaction. A questionnaire comprising 40 items was distributed to 250 teachers, where 217 were returned. The questionnaire had 10 questions for each of: the transactional leadership style, the transformational leadership style, perceived organizational politics and job satisfaction. Descriptive and inferential statistics were conducted to analyze the collected data, specifically the correlation analysis and the multiple regression analysis. The results of the analyses proved that transformational leadership style positively affects job satisfaction, while the transactional leadership style negatively affects it.

Finally, the last study to be discussed in the educational sector is that of Yavirachi (2015) who studied the impact of both the transformational and the transactional leadership styles on employee job satisfaction, organizational commitment and team effectiveness. The sample used for the study were 540 in total consisting of leaders at the administrative level and teachers and employees at lower levels from 13 universities of the higher educational institutional in Thailand. Data collection modes included interviews, a 45 items multifactor leadership questionnaire to rate leaders, job satisfaction surveys, organizational commitment questionnaires and team effectiveness questionnaires. The structural equation model was used to analyze collected data. The findings of the analysis proved the direct and indirect effect of both leadership styles on job satisfaction, organizational commitment and team

effectiveness with a higher direct effect of transactional leadership style on employee job satisfaction, organizational commitment and team effectiveness.

Tackling a different sector, Bushra et al. (2011), investigated the effect of transformational leadership style on employee job satisfaction and job commitment by conducting a study in the banking sector in Pakistan. A 35 items questionnaire was distributed to 200 employees from 3 different banks and 133 questionnaires were answered. A regression analysis was conducted to understand the type of relationship between leadership style and job satisfaction. The findings of the study revealed that transformational leadership style significantly positively affects job satisfaction and job commitment.

Likewise, Awamleh, Evans, and Mahate (2005) conducted a study where they compared the impacts of the transformational and transactional styles of leadership of the functional managers on the job satisfaction and performance of employees in the UAE banking sector. The sample used included employees from national and international banks. The method used was the multiple regression analysis where a significant positive relationship between employee satisfaction and transformational leadership style. Therefore, the importance of enhancing the transformational leadership style among bank superiors was confirmed for the purpose of increasing the job satisfaction of bank employees.

Also, in the banking sector, however, in Nigeria, Akhigbe et al. (2014) examined the impact of the transactional leadership style on the job satisfaction of 20 selected Nigerian banks. The sample taken for the study included 160 bank employees who participated in filling questionnaires and answering interview questions. The statistical method used was the Spearman Rank-order correlation analysis and the

multiple regression analysis. The results of the analyses revealed a significant positive relationship between transactional leadership style and employee job satisfaction.

In the same way, Çetin, Karabay, and Efe (2012) examined the effects of leadership styles on the job satisfaction in the banking sector, however reached different results. Data was collected by distributing questionnaires to the employees of banks and financial institutions located in Turkey and were investigated through the multiple regression analysis via the SPSS statistical packaged software. The empirical findings proved that the transformational leadership style had no significant effect on job satisfaction. However, the interactive leadership style and communication competency proved to have a significant positive relationship with employee job satisfaction.

In a different industry, the hotel industry, Spitzbart (2013) compared the effect of the transactional leadership style and the transformational leadership style on the job satisfaction of the employees. Data collection was done by distributing one questionnaire for the employees including 69 items and another for the supervisors including 70 items. The total number of collected questionnaires was 43 from each of the employees and supervisors. Descriptive statistics and inferential statistics, mainly ANOVA, correlation analysis and regression analysis were conducted. The results of the study confirmed that there is a significant positive relationship between both the transformational and the transactional leadership styles.

The last study to be tackled in the empirical evidence of this paper is that of Alamir (2010) who investigated the effect of the transactional and transformational leadership styles on both job satisfaction and job commitment. For the purpose of collecting data, 502 employees from 6 private organizations in Syria participated in a survey questionnaire. The Multifactor leadership questionnaire (MLQ) in its latest version

the 5X-Short version was used for questions related to the leadership styles. The Minnesota satisfaction questionnaire (MSQ) was used to collect data related to job satisfaction. The Organizational Commitment Questionnaire (OCQ) which is a selfscoring questionnaire was used to collect data on job commitment. In addition to the descriptive statistics that was conducted on the collected data, the correlation analysis and the regression analysis were used to analyze the collected data. The findings of the paper revealed the significant positive effect of both, the transformational and the transactional leadership styles on job satisfaction and organizational commitment.

### **2.3 Leadership towards More Innovative Approaches**

In the study of DeGroot, Kiker, and Cross (2000), a new style of leadership is mentioned called adaptive leadership. Gandhi (2019) has defined adaptive leadership as “a practical leadership framework that helps individuals and organizations adapt and thrive in challenging environments” (Gandhi, 2019, p. 1), focusing on being able to take on gradual but meaningful changes, and on diagnosing the different essentials of being a leader such as bringing about a real challenge to the status quo.

The idea behind adaptive leadership is simple in that it suggests that organizations and its leaders should always be open to change, irrespective of their preferred management strategy (e.g. transformational versus transactional). Leaders and management team members should not be afraid to take risks especially when it comes to experimentation, as these processes would prove to be crucial in the development of new approaches and strategies that, when applied correctly, would lead to the desired results. Yukl and Mahsud (2010) conducted a study where they explained the importance of adaptive leadership in the management of the current wave of organizations.

Yukl and Mahsud (2010) suggested that adaptive leadership's main differentiating trait is its focus on the process of changing behaviors in appropriate ways as the situation changes. In addition, adaptive leadership does not focus on the management style; it only focuses on the results, or whether the strategies that the leader is using are producing the desired results.

Furthermore, adaptive leadership is also referred to as situational leadership in some studies. Yeakey (2002), for example, examined the different advantages of situational leadership over other styles of leadership. Yeakey (2002) suggested that the current pace of sociocultural and technological changes calls for aggressive changes in the way leaders handle and manage their employees.

According to Drucker (2003), leaders have to be more creative when it comes to the approaches and strategies that they use to manage their employees, suggesting that sticking to the use of just a single leadership would not be able to yield the positive results that they were able to reach in the past. The current market and human resources environment incentivize the use of multi-dimensional approaches.

## **2.4 Conclusion**

Some researchers suggest that the human resources management industry should not break free from the typical transformational leadership style versus transactional leadership style duo. Apart from the fact that a vast amount of evidence about these two leadership styles has already been uncovered in the last fifteen years, there are also other emerging leadership styles whose impacts on employee performance and job satisfaction would also be an interesting and more period-relevant topic to cover.

Gandhi (2019) suggested that there will always come a time when the approaches and strategies that a leader uses to achieve the organization's goals and objectives would fail to work.

The worst thing that a leader could do in that situation is to continue using the same approach or strategy and expect a different outcome. This is unfortunately why many leaders fail.

Cetin, Karabay, and Efe (2012) used the assumption that happier employees tend to be more productive, as opposed to the one that suggests that productive employees tend to be happier. Consequently, this highlighted the impacts of leadership style on job satisfaction. Cetin, Karabay, and Efe (2012) suggested that the ability of a leader to effectively manage his team or organization depends on how well he can communicate; that communication competency plays an important role in job satisfaction. Leaders, regardless of the style that they use (transformational, transactional, or adaptive) would, in theory, do good, so long as they can communicate with their followers effectively. It is worth mentioning that Madlock (2008) also focused on this particular aspect of leadership—i.e. the importance of communication competence on a leader's ability to actually lead.

The way a leader interacts with the employees of the organization can be used as a strong indicator of how satisfied the employees would be with their job, and later on, how well they would perform in their respective duties. Employees who can communicate more openly with their leaders and vice versa tend to be more satisfied with their job.

In summary, traditional approaches mainly emphasize classical leadership styles such as autocratic and democratic leadership. More contemporary approaches, on the other hand, focus on hybrid (mixed) and situational or adaptive leadership, among others. When it comes to the most common leadership style employed in most banks, most of the studies that have been reviewed suggest that in the past, transactional leadership proved to be more common, especially in noncreative industries like

banking. In more recent years, however, the use of transformational and even more recently, adaptive or situational leadership have proven to be more common. A bank manager who is not familiar with the latest trends when it comes to leading young employees, as a result of lack of awareness or an inherent resistance to change, would definitely underperform.

This is where the significance of adaptive leadership comes in. According to Yukl and Mahsud (2010) an adaptive leader can use any style of leadership that he wants. He can, for example, be a transactional leader at one point and be a transformational leader at another.

This paper in the following sections shall study the traditional leadership styles, the autocratic and democratic, as well as the more recent ones, the transactional and transformational leadership styles, in the banking sector of Lebanon. The findings of the study shall help managers understand the importance of change and creativity if the traditional approaches are shown to be less powerful factors for job satisfaction than the more recent ones. In addition, if both the transformational and transactional leadership styles prove to be powerful and significant factors of job satisfaction, this shall highlight the importance of an adaptive leadership style, switching from transformational to transactional based on the given situation and circumstances.



## **Chapter 3: Procedures and Methodology**

### **3.1 Introduction**

As previously mentioned, this paper aims at detecting the most used leadership styles by bank supervisors in Lebanon. In addition, it aims at detecting the effect of different leadership styles on the satisfaction of bank employees. Furthermore, a comparative study shall be made between two main alpha banks, the leadership styles most adopted in each and the difference in the degree of satisfaction of their employees, which might be the result of the difference in the leadership styles. This study will adopt the deductive reasoning approach where it will start off with some basic theories about leadership and try to test them through different hypotheses. Since the main purpose of the study is the detection of causal relationships between satisfaction and leadership styles, a quantitative approach is adopted targeting the bank employees attempting to figure out the different leadership styles that affect their job satisfaction.

The sections in this chapter tackle the methodology and research approaches of this study. The second and third sections include the philosophical dimension and research approach respectively. The fourth section demonstrates the population and sampling approach. The research strategy and methodology are described in section five. The variables under study and the suggested models shall be explained in details in sections six and seven. The analysis framework which clarifies the use and purpose of all the conducted tests is found in section eight of this chapter. Finally, the chapter is concluded in section nine.

### **3.2 Philosophical Dimension**

This section presents the philosophical approach that was adopted for the research. The choice was taken according to the approach that will give the best results with respect to the available data.

The most two popular approaches, which actually contradict each other, are positivism and phenomenology (constructivism). Where positivists believe in the objectivity of reality, constructivists perceive a subjective reality. Furthermore, they try to understand people's construction of reality and how they interpret it. Hay (2002) in Clarke (2009) claims that total objectivity is unattainable. According to this approach, the participation of active agents cannot be objective or unbiased because the interpretation and understanding of one's environment or of the available data is always subjective.

In the current study, the positivist approach is used, which is based on an empirical study since some objectivity will be witnessed while conducting the survey and collecting unbiased responses. Moreover, positivist researchers are independent from the study and should concentrate on facts. Finally, with the available data that shall be collected, methods shall be used to make sure that the responses are closest possible to reality and thus can be used to build models and generalize conclusions related to the topics under study.

### **3.3 Research Approach**

The two broad methods of reasoning are referred to as the deductive and inductive approaches of research. A deductive approach is mainly called a "top-down" approach which moves from the general to the more specific. It originates from a general theory, specifies it through hypotheses to be addressed using observations. Then narrowing that down to specific data to confirm (or not confirm)

the original theory. In contrast, the inductive approach moves from specific observations and measures to general theories. From these observations, patterns are detected, and thus used to formulate tentative hypotheses. Hence, general theories are developed. A deductive reasoning is adopted in this paper, where our first assumptions and research questions originate from general theories about leadership styles, then they are narrowed to precise hypotheses that shall be tested and verified with the collected primary data and resulting observations.

### **3.4 Population and Sampling Approach**

This study primarily aims at attempting to detect the most adopted leadership style in alpha banks and the effect of leadership styles on the satisfaction of bank employees. For this purpose, the measurement of the degrees of satisfaction and the evaluation of the leadership styles in 2 main alpha banks in Lebanon, mainly LGB and BLOM bank, shall be conducted. There are 14 alpha banks in Lebanon, which denote the population understudy of this investigation.

Random sampling would be ideal in such studies because the more data is collected, the better the results and generalizations. However, due to the time constraints and other constraints and issues that have taken place in the recent months which have caused the closure of the banks in many instances, in addition to the difficulty of being provided with a permission to acquire data from the employees of banks, only the 2 mentioned banks were selected. Thus, the LGB Bank and BLOM Bank employees represent the sample understudy of this paper. However, again due to the time constraint and feasibility reasons that have been explained previously, few branches were selected where 124 questionnaires were filled by random employees, 62 for each bank, in an attempt to get the most unbiased results possible.

### **3.5 Research Strategy and Methodology**

The research strategy used in the study is survey using the method of questionnaires. Specifically, primary data was collected from 124 questionnaires distributed to 124 random employees of LGB and BLOM banks.

This method will ensure the collection of enough data to analyze the effect of each leadership style adopted with specific employees and their corresponding levels of satisfaction. The questionnaire is divided into 2 sections. The first section is made up of 4 questions and aims at collecting some demographic data that describes the respondent, mainly, gender, age, the level of education and the job duration at the bank. In the second section, data is collected based on a Likert scale where employees could specify their level of agreement to given statements from strongly disagree to strongly agree (1 to 5). Moreover, the second section includes 5 parts and each part includes several statements. Part 1 to 4 tackle 4 different leadership styles, the autocratic, the democratic, the transactional and the transformational leadership styles, respectively, and the last part aims at collecting data on the level of satisfaction.

Knowing that the purpose of this study is to detect the effect of different leadership styles on the level of satisfaction of employees, causal relationships are the main aim. The main aims of this study in addition to the transformation of the qualitative data to quantitative data using the Likert scale necessitate and validate the use of the regression analysis.

### **3.6 Research Questions and Hypotheses**

This investigation is done by attempting to answer the following Research Questions:

- What are the different leadership styles that are adopted by BLOM bank and LGB Bank in Lebanon?
- How is the level of satisfaction of employees in BLOM Bank and LGB bank?

- Does leadership style affect satisfaction?
- Does the degree of influence on satisfaction depend on the leadership style being adopted?

According to the literature tackling leadership styles and employee satisfaction and in order to serve the main purpose of this study, the following 4 hypotheses were suggested:

***Hypothesis 1:*** *The leadership styles adopted vary between BLOM bank and LGB Bank.*

***Hypothesis 2:*** *The level of satisfaction of employees varies between BLOM bank and LGB Bank.*

***Hypothesis 3:*** *Leadership style affects satisfaction.*

***Hypothesis 4:*** *Each leadership style has a different degree of influence on satisfaction.*

### **3.7 The Variables Understudy**

In an attempt to realize the aim of this study and reach conclusive results, the suggested hypotheses shall be tested via several dependent and independent variables used in a regression analysis based on the suggested models that will be illustrated in the coming section.

#### **3.7.1 The autocratic leadership style:**

This variable shall be measured using responses based on a 5-point Likert scale (varying from 1=strongly disagree to 5=strongly agree) and represented by a unified score generated through the calculated weighted average of the responses on 4 statements, A.1 to A.4, which are: “Your supervisor has full control over the resources and decision making”; “Your supervisor does not rely on your attitudes or ideas, but focuses only on his own perspectives”; “Your supervisor closely supervises and controls you” and “Your supervisor distrusts your ability”.

### **3.7.2 The democratic leadership style:**

This variable shall be measured using responses based on a 5-point Likert scale (varying from 1=strongly disagree to 5=strongly agree) and represented by a unified score generated through the calculated weighted average of the responses on 4 statements, B.1 to B.4, which are: “Your supervisor does not centralize authority”; “Your supervisor shares tasks”; “Your supervisor delegates” and “Your supervisor empowers you”.

### **3.7.3 The transactional leadership style:**

This variable shall be measured using responses based on a 5-point Likert scale (varying from 1=strongly disagree to 5=strongly agree) and represented by a unified score generated through the calculated weighted average of the responses on 3 statements, C.1 to C.3, which are: “You are usually provided with a clear set of instructions of what needs to be done”; “You are usually informed of the goals that are expected to be achieved” and “You are always informed about the organization’s expectations from you”.

### **3.7.4 The transformational leadership style:**

This variable shall be measured using responses based on a 5-point Likert scale (varying from 1=strongly disagree to 5=strongly agree) and represented by a unified score generated through the calculated weighted average of the responses on 3 statements, D.1 to D.3, which are: “Your supervisor focuses on motivating and encouraging you”; “Your supervisor uses intellectual stimulation through active guidance and inspiration” and “Your supervisor believes and applies individual consideration”.

### **3.7.5 Employee Job Satisfaction:**

This variable shall be measured using responses based on a 5-point Likert scale (varying from 1=strongly disagree to 5=strongly agree) and represented by a unified score generated through the calculated weighted average of the responses on 5 statements, E.1 to E.5, which are: “You often find yourself smiling at work”; “You participate in the events of the company”; “You usually invest ideas and offer solutions to the difficulties faced by the company”; “You usually keep your desk clean and make sure the company’s resources are conserved” and “You would describe the atmosphere at your work as supportive (and not competitive)”.

### **3.8 The Generated Models**

As previously mentioned in chapter 1, this paper attempts to generate models to describe or explain the relationship that exists between several leadership styles and the level of satisfaction that each leadership style yields, where the most “satisfying” leadership style shall be detected.

The several models that shall be generated in this paper are represented below with the variables used in each. Each model shall be describing the relationship between an existing leadership style and the level of satisfaction, with each style taken separately. Then, the existing leadership styles and the corresponding levels of satisfaction shall be studied in one model in order to detect the leadership style with the highest impact. These models shall be generated to test hypotheses 3 and 4 mentioned above that will be tested via several regression analyses, where its finding will be illustrated in chapter 4.

### 3.8.1 Model 1: The effect of the autocratic leadership style on the degree of job satisfaction

This model interprets the effect that the autocratic leadership has on employee job satisfaction. In this model, the unified score representing the autocratic leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 1:  $S = \beta_0 + \beta_1 (As) + \epsilon$

where:

*S = the unified score representing the degree of employee job satisfaction*

*As = the unified score representing the autocratic leadership style*

*$\beta_1$  = the estimated coefficient of the autocratic leadership style*

*$\epsilon$  = the Error term, measures the error term of the model.*

The autocratic leadership style is expected to decrease employee job satisfaction, thus, the expected signs of the estimated coefficients are:  $\beta_0 > 0$ ,  $\beta_1 < 0$ .

### 3.8.2 Model 2: The effect of the democratic leadership style on the degree of job satisfaction

This model interprets the effect that the democratic leadership has on employee job satisfaction. In this model, the unified score representing the democratic leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 2:  $S = \beta_0 + \beta_2 (Ds) + \epsilon$

Where:

*S = the unified score representing the degree of employee job satisfaction*

*Ds = the unified score representing the democratic leadership style*

*$B_2$  = the estimated coefficient of the democratic leadership style*

*$\epsilon$  = the Error term, measures the error term of the model.*

The democratic leadership style is expected to increase employee job satisfaction; thus, the expected signs of the estimated coefficients are:  $\beta_0 > 0$ ,  $\beta_2 > 0$ .



### 3.8.3 Model 3: The effect of the transactional leadership style on the degree of job satisfaction

This model interprets the effect that the transactional leadership has on employee job satisfaction. In this model, the unified score representing the transactional leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 3:  $S = \beta_0 + \beta_3 (TCs) + \varepsilon$

Where:

*S = the unified score representing the degree of employee job satisfaction*

*TCs = the unified score representing the transactional leadership style*

*B3 = the estimated coefficient of the transactional leadership style*

*$\varepsilon$  = the Error term, measures the error term of the model.*

The transactional leadership style is expected to increase employee job satisfaction; thus, the expected signs of the estimated coefficients are:  $\beta_0 > 0$ ,  $\beta_3 > 0$ .

### 3.8.4 Model 4: The effect of the transformational leadership style on the degree of job satisfaction

This model interprets the effect that the transformational leadership has on employee job satisfaction. In this model, the unified score representing the transformational leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 4:  $S = \beta_0 + \beta_4 (TFs) + \varepsilon$

Where:

*S = the unified score representing the degree of employee job satisfaction*

*TFs = the unified score representing the transformational leadership style*

*B4 = the estimated coefficient of the transformational leadership style*

*$\varepsilon$  = the Error term, measures the error term of the model.*

The transformational leadership style is expected to increase employee job satisfaction; thus, the expected signs of the estimated coefficients are:  $\beta_0 > 0$ ,  $\beta_4 > 0$ .

### **3.8.5 Model 5: The effect of all the significant leadership styles on the degree of job satisfaction**

This model interprets the effect of all the leadership styles that reveal to be significant in models 1 to 4 on employee job satisfaction. The aim of this model is to compare the different weights of the different leadership styles and thus detect the most influential one and rank the leadership styles based on their effect of job satisfaction. In this model, the unified scores representing the significant leadership styles represent the independent variable(s) and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 5:  $S = \beta_0 + \beta_1 (LS1) + \dots + \beta_i (LSi) + \varepsilon$

Where:

*S = the unified score representing the degree of employee job satisfaction*  
*LS1 to LSi = the unified scores representing the significant leadership styles*  
 *$\beta_1$  to  $\beta_i$  = the estimated coefficient s of the significant leadership styles*  
 *$\varepsilon$  = the Error term, measures the error term of the model.*

All leadership styles are expected to be significant, thus it is expected to include the 4 leadership styles in this model. However, all the leadership styles except the autocratic one are expected to positively influence job satisfaction. Thus, the expected signs of the estimated coefficients are:  $\beta_0 > 0$ ,  $\beta_1 < 0$ ,  $\beta_2 > 0$ ,  $\beta_3 > 0$  and  $\beta_4 > 0$ .

### **3.9 Analysis Framework**

First, in order to describe the sample under study and provide some demographic data proving the randomness and diversity of the chosen sample, a descriptive statistical analysis will be conducted. Second, the inferential statistics will be used to test the hypotheses and reach conclusive results. Specifically, a comparative study

shall be conducted between BLOM bank and LGB bank where the difference in the leadership styles shall be detected. In addition, a comparison between the levels of satisfaction of employees in BLOM bank and LGB bank shall be studied. These studies necessitate different comparative statistical analyses, first studying the leadership styles of each bank and second studying the level of job satisfaction among the employees of each bank.

Second, regression analyses will be conducted to generate the suggested models and verify the suggested hypotheses. Precisely, the effect of each leadership style will be revealed and thus the detection of any existing causal relationship between each leadership style and the level of job satisfaction will be done using the regression analyses. In addition, the regression analysis will also detect the most effective leadership styles, through the comparison of the estimated coefficients of the different styles which shall be generated by the regression.

### **3.10 Conclusion**

The various methodologies and approaches were tackled in this chapter. The chapter was introduced with a brief highlight on the purpose and aim of the study. Second, the positivist approach was specified as the philosophical dimension in this study based on empirical study which will emphasize the importance of leadership style on employee satisfaction in LGB and BLOM Banks. In addition, the research approach was specified as a deductive one known as a “top-down” approach. Then, the population represented by employees of alpha banks was specified, along with the chosen sample of 124 bank employees, specifically 62 from each of LGB and BLOM Banks. Moreover, the research strategy was specified to be the survey method, where the primary tool for data collection is the questionnaire.

This Chapter introduced the structure to study the link between leadership style and job Satisfaction and if these two parameters vary between LGB and BLOM Bank using a comparative study. This investigation is done by attempting to answer research questions which will be translated into four Hypotheses. The suggested hypotheses shall be tested in the coming chapter via several dependent and independent variables used in a regression analysis based on the suggested models that will be illustrated.

In addition to that, the suggested models that would be used to test the related hypotheses were also set and explained, along with the expected outcome of each based on the main theories adopted in this paper. To add, the use and aim of the tests and methods of research including the descriptive statistics and the inferential statistics were planned.

In the following chapter, we will implement the statistical techniques discussed in this chapter and the data collected will be displayed using tables and figures to attain the results of our suggested hypotheses. Moreover, we will assess the results and interpret the findings which will shed light on the topic of the impact of leadership style on employee job satisfaction in two alpha banks.

## **Chapter 4: Findings**

### **4.1 Introduction**

Knowing that employee satisfaction is one of the major concerns of all businesses and organizations, it has been a subject of research for decades. One of the variables linked to employee satisfaction is the management approach at the organization, mainly the leadership style adopted. Although several leadership styles do exist, 4 well-known ones are studied in this paper: the autocratic leadership style, the democratic leadership style, the transactional leadership style and the transformational leadership style.

The banking sector has been chosen for investigation in this paper, mainly two alpha banks, BLOM Bank and LGB Bank, where data was collected from questionnaires filled by 124 employees, specifically 62 from each bank. Therefore, the SPSS software is used first to generate some descriptive statistics for the sample under study. In addition, it is used to compare data collected from the employees of the 2 different banks. Finally, it is used to conduct inferential statistics, mainly regression analysis, for the purpose of generating general models and examining the suggested hypotheses by relating leadership styles to employee satisfaction.

The first section is the introduction. The second section illustrates some descriptive statistics to describe the sample, while the third section shows the descriptive statistics for some variables. Section four displays and explains the results of the comparison analysis between BLOM bank and LGB bank. The findings of the regression analysis are revealed in section five. The chapter is concluded in section six.

## 4.2 Descriptive Statistics for the Sample

### Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	60	48.4	48.4	48.4
Female	64	51.6	51.6	100.0
Total	124	100.0	100.0	

Table 4.1: Descriptive statistics for Gender, Source: SPSS

As shown in the above table, the majority of the respondents are females (51.6%).

### Age

	Frequency	Percent	Valid Percent	Cumulative Percent
20-25	8	6.5	6.5	6.5
26-30	41	33.1	33.1	39.5
31-35	36	29.0	29.0	68.5
36-40	16	12.9	12.9	81.5
41-45	11	8.9	8.9	90.3
46-50	7	5.6	5.6	96.0
51-55	3	2.4	2.4	98.4
More than 55 years old	2	1.6	1.6	100.0
Total	124	100.0	100.0	

Table 4. 2: Descriptive statistics for Age, Source: SPSS

As revealed in table 4.2, the majority of the respondents (33.1%) are 26-30 years old, while only

1.6 % are 55 years and older.

### Education

	Frequency	Percent	Valid Percent	Cumulative Percent
High school	2	1.6	1.6	1.6
Bachelor	54	43.5	43.5	45.2
Master	65	52.4	52.4	97.6
PhD	3	2.4	2.4	100.0
Total	124	100.0	100.0	

Table 4.3: Descriptive statistics for the level of education, Source: SPSS

As per table 4.3, the majority and more than half of the employees have a master degree (52.4%).

### Duration of work

	Frequency	Percent	Valid Percent	Cumulative Percent
0-5 years	50	40.3	40.3	40.3
6-10 years	37	29.8	29.8	70.2
11-15 years	20	16.1	16.1	86.3
16-20 years	3	2.4	2.4	88.7
More than 20 years	14	11.3	11.3	100.0
Total	124	100.0	100.0	

Table 4. 4: Descriptive statistics for the duration of work, Source: SPSS

Finally, as per table 4.4, most of the employees (29.8%) have been working at the specific bank for 6 to 10 years, and this statistic is obvious knowing that most of the employees are 26 to 30 years old (as revealed in table 4.2).

### 4.3 Descriptive Statistics for the Leadership Styles and the Level of Satisfaction

#### Descriptive Statistics

	N	Mean
Autocratic Score	124	2.8387
Democratic Score	124	3.4698
Transactional Score	124	3.5833
Transformational Score	124	3.3844
Satisfaction Score	124	3.4726
Valid N (listwise)	124	

Table 4.5: The mean for the leadership styles and employee satisfaction for both banks, source: SPSS

Although mentioned in chapter 3, we shall restate how each of the 5 scores mentioned in the table above was generated.

1. The autocratic score was generated by calculating the weighted average of the responses on 4 statements, A.1 to A.4, which are: “Your supervisor has full control over the resources and decision making”; “Your supervisor does not rely on your attitudes or ideas, but focuses only on his own perspectives”; “Your

supervisor closely supervises and controls you” and “Your supervisor distrusts your ability”.

2. The democratic score was generated by calculating the weighted average of the responses on 4 statements, B.1 to B.4, which are: “Your supervisor does not centralize authority”; “Your supervisor shares tasks”; “Your supervisor delegates” and “Your supervisor empowers you”.
3. The transactional score was generated by calculating the weighted average of the responses on 3 statements, C.1 to C.3, which are: “You are usually provided with a clear set of instructions of what needs to be done”; “You are usually informed of the goals that are expected to be achieved” and “You are always informed about the organization’s expectations from you”.
4. The transformational score was generated by calculating the weighted average of the responses on 3 statements, D.1 to D.3, which are: “Your supervisor focuses on motivating and encouraging you”; “Your supervisor uses intellectual stimulation through active guidance and inspiration” and “Your supervisor believes and applies individual consideration”.
5. The satisfaction score was generated by calculating the weighted average of the responses on 5 statements, E.1 to E.5, which are: “You often find yourself smiling at work”; “You participate in the events of the company”; “You usually invest ideas and offer solutions to the difficulties faced by the company”; “You usually keep your desk clean and make sure the company’s resources are conserved” and “You would describe the atmosphere at your work as supportive (and not competitive)”.

As per table 4.5, the mean for the autocratic score is below 3, therefore, we can conclude that the majority of the employees in both banks do not perceive their



supervisor's leadership style as autocratic. On the other hand, the means for the scores of the remaining 3 leadership styles, the democratic, transactional and transformational, are all above 3, showing that most of the employees perceive their supervisor's leadership styles as democratic, transactional and transformational. This actually emphasizes the fact that those employees do not see their supervisors as autocratic.

Finally, the score generated for employee satisfaction is above 3, showing that most of the employees can be considered satisfied at work.

#### 4.4 A Comparative Study between LGB Bank and BLOM Bank

##### Descriptive Statistics

	N	Mean
Autocratic Score	62	2.9839
Democratic Score	62	3.2621
Transactional Score	62	3.3387
Transformational Score	62	3.2903
Satisfaction Score	62	3.3774
Valid N (listwise)	62	

Table 4.6: The mean for the leadership styles and employee satisfaction for LGB bank, source: SPSS

##### Descriptive Statistics

	N	Mean
Autocratic Score	62	2.6935
Democratic Score	62	3.6774
Transactional Score	62	3.8280
Transformational Score	62	3.4785
Satisfaction Score	62	3.5677
Valid N (listwise)	62	

Table 4.7: The mean for the leadership styles and employee satisfaction for BLOM bank, source: SPSS

Using tables 4.6 and 4.7, we can conclude that the employees at BLOM Bank perceive their supervisors as less autocratic compared to how the employees at LGB perceive their supervisors (since the mean of the autocratic score is less for BLOM than LGB; 2.6935 compared to 2.9839). We can also conclude that the employees at

BLOM Bank perceive the leadership styles adopted at their institution as more democratic, transactional and transformational compared to LGB Bank employees. This is revealed by the means for the scores of the 3 leadership styles being all greater for BLOM Bank than for LGB Bank. This also applies to the level of satisfaction, where the employees of BLOM Bank show more satisfaction than those of LGB Bank.

These conclusions are simply based on the descriptive statistics that were generated from the data; however, those variations and conclusions cannot be justified or reliable without scientific tests to prove them. Therefore, 2 inferential tests were conducted.

#### 4.4.1 Comparing the results for the mean autocratic score:

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Autocratic.Score	BLOM	62	2.6935	.78722	.09998
	LGB	62	2.9839	.70837	.08996

Table 4.8: The values of the mean for the autocratic score in BLOM bank and LGB Bank, source: SPSS

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Autocratic.Score	Equal variances assumed	.800	.373	-2.159	122	.033	-.29032	.13449
	Equal variances not assumed			-2.159	120.666	.033	-.29032	.13449

Table 4.9: The results of the t-test for equality of means for the autocratic score, source: SPSS

The p-value of Levene's test equals 0.373, so we do not reject the null hypothesis of Levene's test and conclude that the variance in the autocratic score is not significantly

different. This tells us that we should look at the "Equal variances assumed" row for the t test for Equality of Means results.

The sign of the mean difference corresponds to the sign of the t value. The negative t value in our case indicates that the mean for the autocratic score for BLOM bank is less than the mean autocratic score for LGB bank.

The associated p value equals 0.033 and since it is less than our chosen significance level ( $\alpha = 0.05$ , for 95% confidence level), we can reject the null hypothesis, and conclude that the mean autocratic scores for BLOM bank and LGB bank are significantly different.

Based on the results, we can state the following:

- There was a significant difference in the mean autocratic score between BLOM bank and LGB bank.
- The average autocratic score for BLOM bank was 0.29032 less than the average autocratic scores for LGB bank.

#### 4.4.2 Comparing the results for the mean democratic score:

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Democratic Score	BLOM	62	3.6774	.68411	.08688
	LGB	62	3.2621	.88177	.11198

Table 4.10: The values of the mean for the democratic score in BLOM bank and LGB Bank, source: SPSS

		Independent Samples Test						
		Levene's Test for Equality of Variances				t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Democratic Score	Equal variances assumed	2.094	.150	2.930	122	.004	.41532	.14174
	Equal variances not assumed			2.930	114.905	.004	.41532	.14174

Table 4.11: The results of the t-test for equality of means for the democratic score, source: SPSS

The p-value of Levene's test equals 0.15, so we do not reject the null hypothesis of Levene's test and conclude that the variance in the democratic score is not significantly different. This tells us that we should look at the "Equal variances assumed" row for the t test for Equality of Means results.

The sign of the mean difference corresponds to the sign of the t value. The positive t value in our case indicates that the mean for the democratic score for BLOM bank is greater than the mean democratic score for LGB bank.

The associated p value equals 0.004 and since it is less than our chosen significance level ( $\alpha = 0.05$ , for 95% confidence level), we can reject the null hypothesis, and conclude that the mean democratic scores for BLOM bank and LGB bank are significantly different.

Based on the results, we can state the following:

- There was a significant difference in the mean democratic score between BLOM bank and LGB bank.
- The average democratic score for BLOM bank was 0.41532 greater than the average democratic score for LGB bank.

#### 4.4.3 Comparing the results for the mean transactional score:

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Transactional.Score	BLOM	62	3.8280	.86153	.10941
	LGB	62	3.3387	1.00362	.12746

Table 4.12: The values of the mean for the transactional score in BLOM bank and LGB Bank, source: SPSS

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Transactional.Score	Equal variances assumed	.692	.407	2.913	122	.004	.48925	.16798
	Equal variances not assumed			2.913	119.263	.004	.48925	.16798

Table 4.13: The results of the t-test for equality of means for the transactional score, source: SPSS

The p-value of Levene's test equals 0.407, so we do not reject the null hypothesis of Levene's test and conclude that the variance in the transactional score is not significantly different. This tells us that we should look at the "Equal variances assumed" row for the t test for Equality of Means results.

The sign of the mean difference corresponds to the sign of the t value. The positive t value in this case indicates that the mean for the transactional score for BLOM bank is greater than the mean transactional score for LGB bank.

The associated p value equals 0.004 and since it is less than our chosen significance level ( $\alpha = 0.05$ , for 95% confidence level), we can reject the null hypothesis, and conclude that the mean transactional scores for BLOM bank and LGB bank are significantly different.

Based on the results, we can state the following:

- There was a significant difference in the mean transactional score between BLOM bank and LGB bank.
- The average transactional score for BLOM bank was 0.48925 greater than the average transactional score for LGB bank.

#### 4.4.4 Comparing the results for the mean transformational score:

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Transformational.Score	BLOM	62	3.4785	.97252	.12351
	LGB	62	3.2903	1.00179	.12723

Table 4.14: The values of the mean for the transformational score in BLOM bank and LGB Bank, source: SPSS

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Transformational.Score	Equal variances assumed	.008	.930	1.061	122	.291	.18817	.17732
	Equal variances not assumed			1.061	121.893	.291	.18817	.17732

Table 4.15: The results of the t-test for equality of means for the transformational score, source: SPSS

The p-value of Levene's test equals 0.930, so we do not reject the null hypothesis of Levene's test and conclude that the variance in the transformational score is not significantly different. This tells us that we should look at the "Equal variances assumed" row for the t test for Equality of Means results.

The sign of the mean difference corresponds to the sign of the t value. The positive t value in this case indicates that the mean for the transformational score for BLOM bank is greater than the mean transformational score for LGB bank.

The associated p value equals 0.291 and since it is greater than our chosen significance level ( $\alpha = 0.05$ , for 95% confidence level), we **do not reject** the null hypothesis, and conclude that the mean transactional scores for BLOM bank and LGB bank are **not** significantly different.

Based on the results, we can state that although the mean transformational score for BLOM bank was higher than that of LGB bank, there was **no significant** difference between them.

#### 4.4.5 Comparing the results for the mean level of satisfaction:

	Bank	N	Mean	Std. Deviation	Std. Error Mean
Satisfaction.Score	BLOM	62	3.5677	.66401	.08433
	LGB	62	3.3774	.73605	.09348

Table 4.16: The values of the mean for the satisfaction score in BLOM bank and LGB Bank, source: SPSS

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Satisfaction.Score	Equal variances assumed	1.065	.304	1.512	122	.133	.19032	.12590
	Equal variances not assumed			1.512	120.728	.133	.19032	.12590

Table 4.17: The results of the t-test for equality of means for the satisfaction score, source: SPSS

The p-value of Levene's test equals 0.304, so we do not reject the null hypothesis of Levene's test and conclude that the variance in the level of satisfaction is not significantly different. This tells us that we should look at the "Equal variances assumed" row for the t test for Equality of Means results.

The sign of the mean difference corresponds to the sign of the t value. The positive t value in this case indicates that the mean satisfaction score for BLOM bank is greater than the mean satisfaction score for LGB bank.

The associated p value equals 0.133 and since it is greater than our chosen significance level ( $\alpha = 0.05$ , for 95% confidence level), we **do not reject** the null hypothesis, and conclude that the mean satisfaction scores for BLOM bank and LGB bank are **not** significantly different.

Based on the results, we can state that although the mean satisfaction score for BLOM bank was higher than that of LGB bank, there was **no significant** difference between them.

#### **4.4.6 Summarizing the Results to test Hypotheses 1 and 2**

As a conclusion for this section, the descriptive statistics where simple comparisons between means would not be enough for conclusive results, since different results were reached via the tests conducted. In summary:

- BLOM bank has a significant lower mean autocratic score than LGB bank.
- BLOM bank has a significant higher mean democratic and transactional score than LGB bank.
- There is no significant difference between BLOM bank and LGB bank for the mean transformational score and the mean satisfaction score, although they are both higher for BLOM bank.

These conclusions can be used to test hypotheses 1 and 2. As mentioned in chapter 3:

***Hypothesis 1: The leadership styles adopted vary between BLOM bank and LGB Bank.***



**Hypothesis 2:** *The level of satisfaction of employees varies between BLOM bank and LGB Bank.*

Therefore, since the means of different leadership styles were shown to vary between BLOM bank and LGB bank, we do not reject hypothesis 1.

However, since there was no significant difference in the satisfaction level between BLOM Bank and LGB Bank, although by comparing numbers, the mean level of satisfaction of the employees of BLOM bank is higher than that of the employees of LGB bank, we reject hypothesis 2.

#### 4.5 Hypotheses testing using Regression Analysis

Testing the hypotheses in the attempt of detecting causal relationships requires regression analysis. Based on the models that were suggested in chapter 3, the variables that will be used for the various regression analyses are the autocratic score, the democratic score, the transactional score, the transformational score and, finally, the satisfaction score which will be used mainly as the dependent variable. Therefore, a normality test using two statistics, the skewness and the Kurtosis, were conducted to test the normality of those variables and thus validate their use in the regression analyses. According to the values of skewness and kurtosis that were generated, which all ranged within the acceptable range, specifically, between -1 and 1, thus, all the variables were shown to be normally distributed. In addition, the histogram charts proving their normality were retrieved and are revealed below.

	Autocratic Score	Satisfaction Score	Democratic Score	Transactional Score	Transformational Score
Valid	124	124	124	124	124
Missing	0	0	0	0	0
Skewness	-.020	-.555	-.665	-.718	-.489
Std. Error of Skewness	.217	.217	.217	.217	.217
Kurtosis	.305	-.041	.826	.395	.012
Std. Error of Kurtosis	.431	.431	.431	.431	.431

Table 4.18: Descriptive statistics to test normality of the variables, source: SPSS

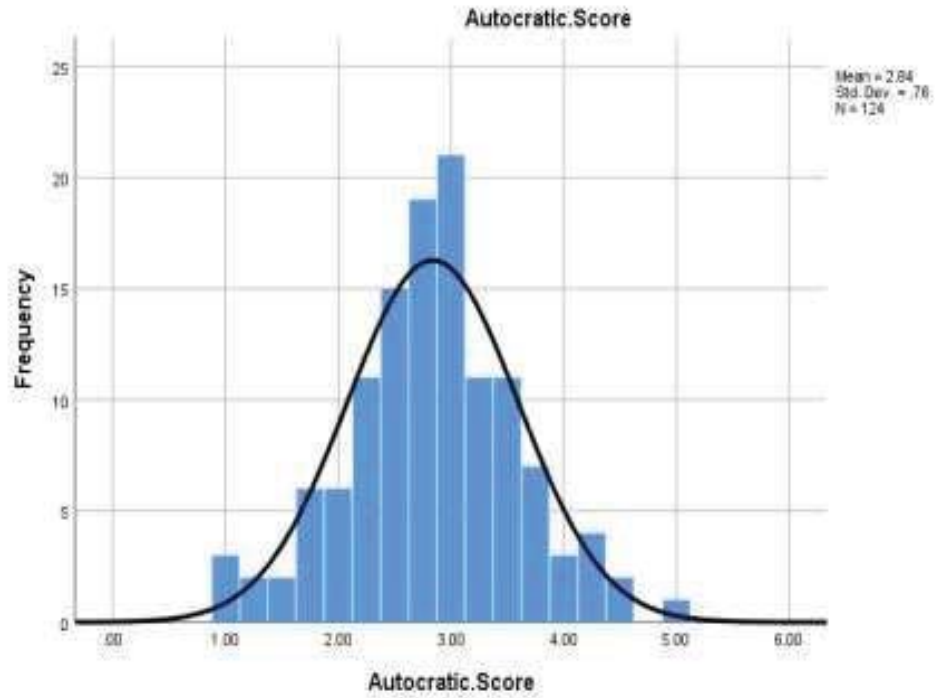


Figure 4.1: Histogram of the Autocratic Score, source: SPSS

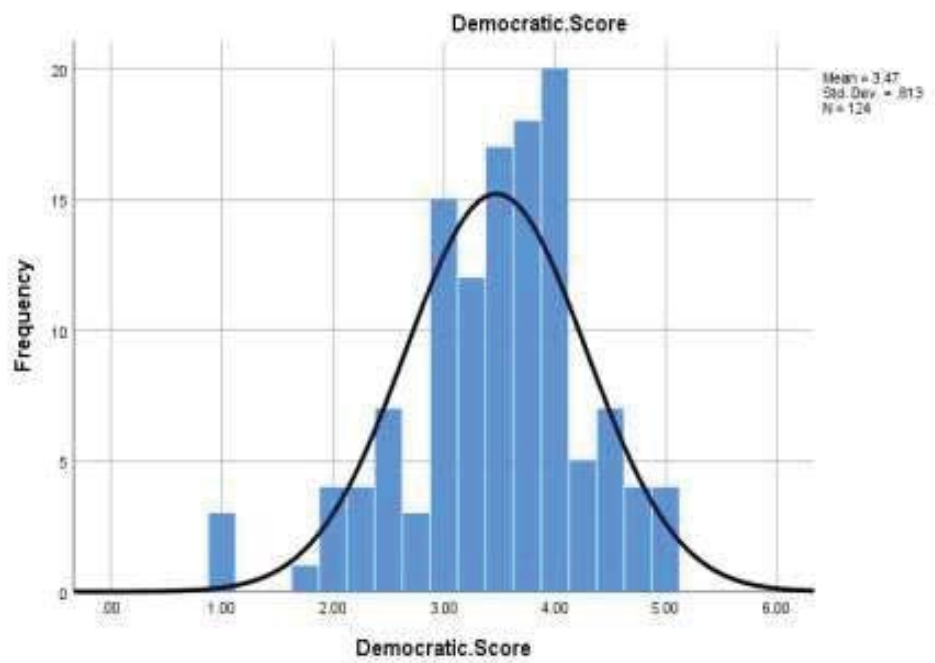


Figure 4.2: Histogram of the Democratic Score, source: SPSS

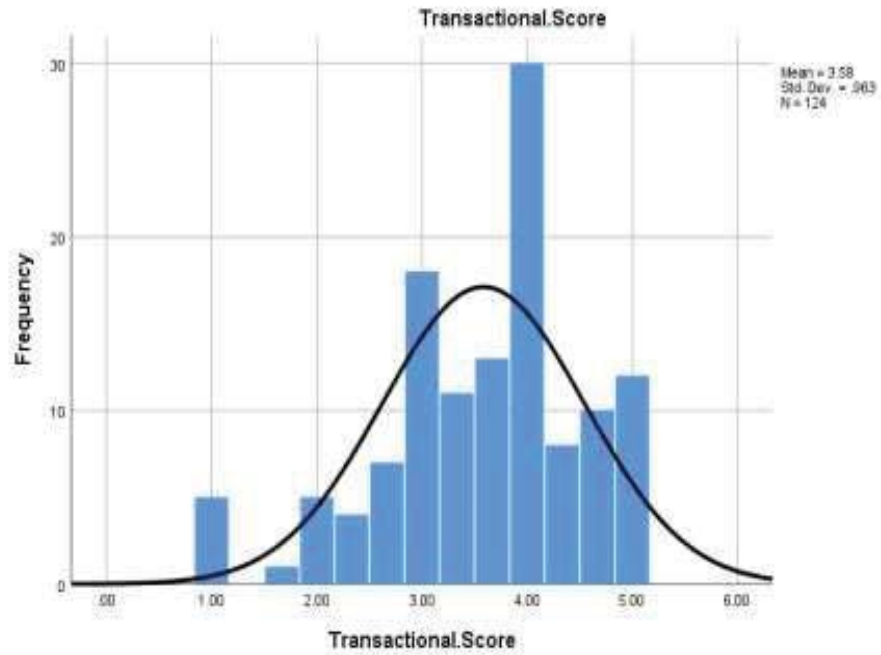


Figure 4.3: Histogram of the Transactional Score, source: SPSS

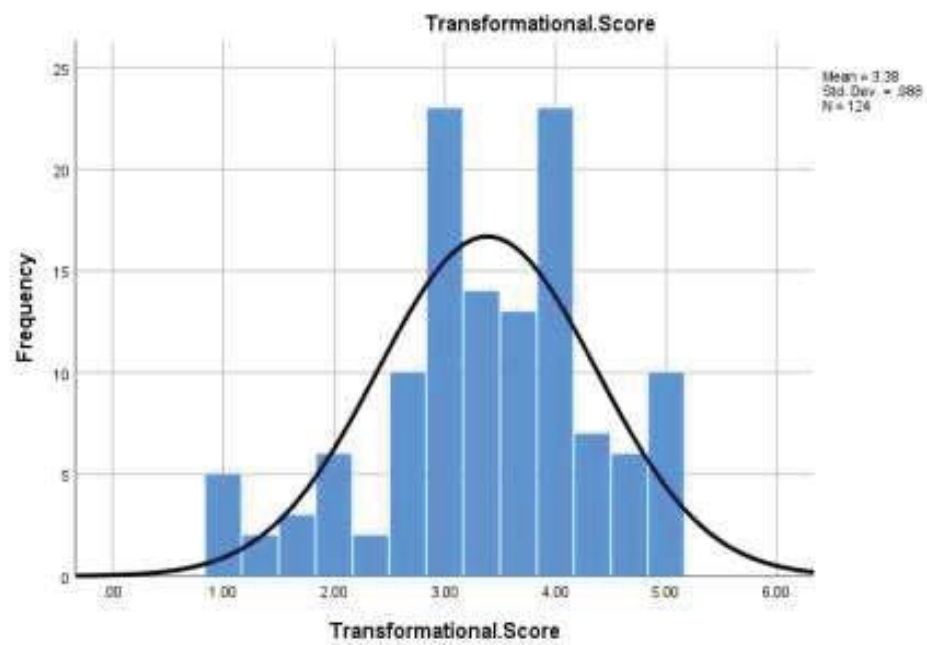


Figure 4.4: Histogram of the Transformational Score, source: SPSS

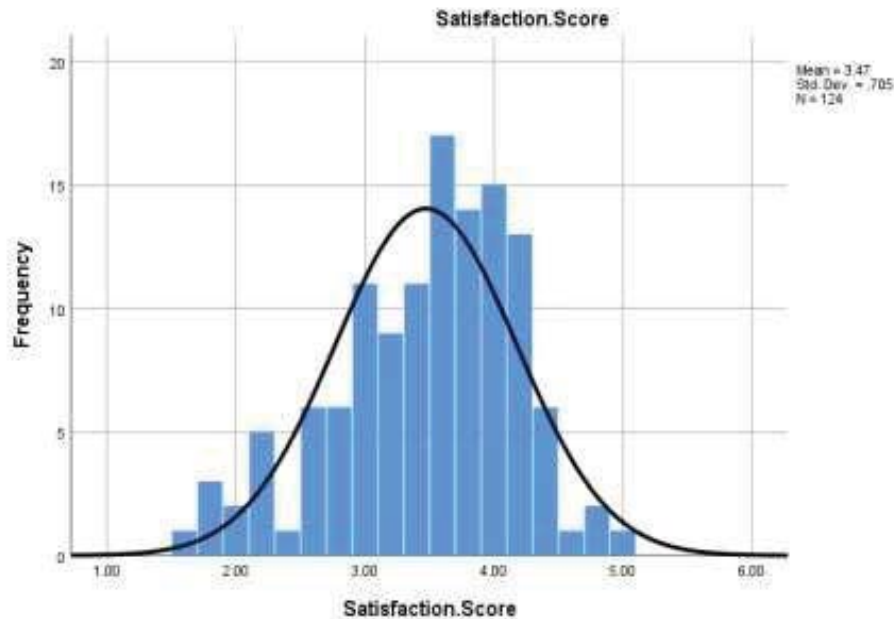


Figure 4.5: Histogram of the Satisfaction Score, source: SPSS

### 4.5.1 Testing Hypothesis 3

As mentioned in the methodology chapter, in order to test hypothesis 3 (*Hypothesis 3: Leadership style affects satisfaction*), various regression analyses are conducted for the purpose of detecting the existence and type of effect that each leadership style has on the satisfaction level. This is done by first taking each leadership style individually as the independent variable, or what is called explanatory variable, and the satisfaction level as the dependent variable.

#### 4.5.1.1 Model 1: The effect of the autocratic leadership style on the degree of job satisfaction

As mentioned in chapter 3, this model interprets the effect that the autocratic leadership style has on employee job satisfaction. In this model, the unified score representing the autocratic leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 1:

$$S = \beta_0 + \beta_1 (A_s) + \varepsilon$$

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.057 <sup>a</sup>	.003	-.005	.70635

a. Predictors: (Constant), Autocratic.Score

Table 4.19: Model 1 summary, source: SPSS

The model summary reveals the tool to test the goodness of fit or in other words what percentage of the behavior of the dependent variable is explained by the selected explanatory variable. In this case, R-squared is only 0.3%, which is very low showing that the explanatory variable, chosen here to be the autocratic score, does not explain the behavior of the satisfaction level. Furthermore, conducting the regression analysis and the analysis of its results which are shown below also emphasize the fact that the autocratic score is not a significant explanatory variable for the level of satisfaction of the employees.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.622	.246		14.711	.000
	Autocratic.Score	-.053	.084	-.057	-.630	.530

a. Dependent Variable: Satisfaction.Score

Table 4.20: Results of regression 1, source: SPSS

As per table 4.18, the autocratic score is not a significant explanatory variable for the level of satisfaction since its p value (shown under Sig. in the above table), which is equal to 0.53 is greater than 0.05.

As a result, we conclude that there is no causal relationship between the autocratic score and the satisfaction level; therefore, the suggested model cannot be generated.

#### 4.5.1.2 Model 2: The effect of the democratic leadership style on the degree of job satisfaction

This model interprets the effect that the democratic leadership style has on employee job satisfaction. In this model, the unified score representing the democratic leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 2:  $S = \beta_0 + \beta_1 (Ds) + \epsilon$

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516 <sup>a</sup>	.266	.260	.60598

a. Predictors: (Constant), Democratic.Score

Table 4.21: Model 2 summary, source: SPSS

In this model, R-squared is acceptable since it is equal to 26.6%, showing that 26.6% of the behavior of the satisfaction level is explained by the democratic leadership style. In addition, the difference between the adjusted R-square and the R-square is only 2.25 % which is also acceptable, revealing that the explanatory variable should not be eliminated. Below are the results of the regression analysis.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.921	.239		8.022	.000
	Democratic.Score	.447	.067	.516	6.656	.000

a. Dependent Variable: Satisfaction.Score

Table 4.22: Results of regression 2, source: SPSS

As per table 4.20, we are 99% confident that both the constant and the democratic score are significant explanatory variables for the level of satisfaction since both p values are less than 0.01.

Therefore, we conclude that there is a causal relationship between the democratic leadership style and the level of satisfaction of the employees and this relationship can be illustrated in this equation:

$$\text{The satisfaction score} = 1.921 + 0.447 (\text{the democratic score}) + \varepsilon$$

This means that every time the democratic score rose by 1 the satisfaction score rose by 0.447. In other words, the democratic leadership style has a positive causal effect on the level of satisfaction.

#### 4.5.1.3 Model 3: The effect of the transactional leadership style on the degree of job satisfaction

This model interprets the effect that the transactional leadership style has on employee job satisfaction. In this model, the unified score representing the transactional leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 3:  $S = \beta_0 + \beta_1 (TCs) + \varepsilon$

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609 <sup>a</sup>	.370	.365	.56134

a. Predictors: (Constant), Transactional.Score

Table 4.23: Model 3 summary, source: SPSS

In this model, R-squared is acceptable since it is equal to 37%, showing that 37% of the behavior of the satisfaction level is explained by the transactional leadership style.

In addition, the difference between the adjusted R-square and the R-square is only 1.35 % which is also acceptable, revealing that the explanatory variable, the

transactional score, should not be eliminated. Below are the results of the regression analysis.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.877	.195		9.631	.000
	Transactional.Score	.445	.053	.609	8.474	.000

a. Dependent Variable: Satisfaction.Score

Table 4.24: Results of regression 3, source: SPSS

As per table 4.22, we are 99% confident that both the constant and the transactional score are significant explanatory variables for the level of satisfaction since both p values are less than 0.01.

Therefore, we conclude that there is a causal relationship between the transactional leadership style and the level of satisfaction of the employees and this relationship can be illustrated in this equation:

$$\text{The satisfaction score} = 1.877 + 0.445 (\text{the transactional score}) + \epsilon$$

This means that every time the transactional score rose by 1 the satisfaction score rose by 0.445. In other words, the transactional leadership style has a positive causal effect on the level of satisfaction.

#### **4.5.1.4 Model 4: The effect of the transformational leadership style on the degree of job satisfaction**

This model interprets the effect that the transformational leadership style has on employee job satisfaction. In this model, the unified score representing the transformational leadership style represents the independent variable and the unified score representing the level of job satisfaction represents the dependent variable. The following mathematical equation summarizes model 4:



$$S = \beta_0 + \beta_1 (\text{TFs}) + \varepsilon$$

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.588 <sup>a</sup>	.346	.340	.57224

a. Predictors: (Constant), Transformational.Score

Table 4.25: Model 4 summary, source: SPSS

In this model, R-squared is acceptable since it is equal to 34.6%, showing that 34.6% of the behavior of the satisfaction level is explained by the transformational leadership style. In addition, the difference between the adjusted R-square and the R-square is only 1.73% which is also acceptable, revealing that the explanatory variable, the transformational score, should not be eliminated. Below are the results of the regression analysis.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.053	.184		11.151	.000
	Transformational.Score	.419	.052	.588	8.030	.000

a. Dependent Variable: Satisfaction.Score

Table 4.26: Results of regression 4, source: SPSS

As per table 4.24, we are 99% confident that both the constant and the transformational score are significant explanatory variables for the level of satisfaction since both p values are less than 0.01.

Therefore, we conclude that there is a causal relationship between the transformational leadership style and the level of satisfaction of the employees and this relationship can be illustrated in this equation:

**The satisfaction score = 2.053 + 0.419 (the transformational score) +  $\epsilon$**

This means that every time the transformational score rose by 1 the satisfaction score rose by 0.419. In other words, the transformational leadership style has a positive causal effect on the level of satisfaction.

As a result, for all the above models, hypothesis 3 is not rejected, since 3 models have proven that leadership style does affect employee satisfaction.

#### 4.5.2 Testing Hypothesis 4 using the Comprehensive Model

The main purpose of a comprehensive model is: First, understanding the behavior of the dependent variable more accurately and, second, attempting to compare the effect of the explanatory variables of a certain dependent variable. Therefore, since the R square in the three successful models that were generated and illustrated above was not close to 100% to sufficiently understand the behavior of the level of satisfaction, a comprehensive model including all the 3 significant factors might be more representative. In addition, this model allows the verification of hypothesis 4 (*Hypothesis 4: Each leadership style has a different degree of influence on satisfaction*) by comparing the coefficients of each leadership style. The comprehensive model can be summarized in the following equation:

**The satisfaction score =  $\beta_0$  +  $\beta_1$  (the democratic score) +  $\beta_2$  (the transactional score) +  $\beta_3$  (the transformational score) +  $\epsilon$**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645 <sup>a</sup>	.416	.401	.54518

a. Predictors: (Constant), Transformational.Score, Democratic.Score, Transactional.Score

Table 4.27: Comprehensive Model summary, source: SPSS

In this comprehensive model, the R square has increased to 41.6% (higher than the previous 3 successful models) revealing that this model better explains the behavior of the level of satisfaction than the models including each style individually. The difference between the adjusted R-squared and the R-squared is only 3.6 % which is low, and proving that none of the 3 explanatory variables should be eliminated.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.623	.222		7.308	.000
	Democratic.Score	.099	.087	.114	1.136	.258
	Transactional.Score	.240	.085	.328	2.826	.006
	Transformational.Score	.190	.078	.267	2.432	.016

a. Dependent Variable: Satisfaction.Score

Table 4.28: Results of regression 5, source: SPSS

As per table 4.26, we are 99% confident that the constant and the transactional score are significant since their p values (both 0.0) are less than 0.01. In addition, we are 95% confident that the transformational score is significant since its p value is less than 0.05 (equal to 0.016). However, the existence of the transactional and transformational scores eliminated the effect of the democratic score, which is shown to be insignificant in this model.

Therefore, after the elimination of the democratic score, this model can be now summarized as:

**The satisfaction score = 1.623 + 0.24 (the transactional score) + 0.19 (the transformational score) +  $\epsilon$**

Every time the transactional score rose by 1, the satisfaction score rose by 0.24. In addition, every time the transformational score rose by 1, the satisfaction score rose by 0.19. As a result, taking the 3 leadership styles together, the democratic style has

no effect on the level of satisfaction, while the other two styles have a positive significant effect. Precisely, the transactional style has the highest effect on the level of satisfaction of employees. It is worth mentioning that R square in the model 3 which included the transactional score as the explanatory variable was the highest among the 5 regressions that were conducted, perhaps reflecting the ability of the transactional score in explaining the behavior of employee satisfaction better than the others.

As a conclusion, hypothesis 4 is not rejected since it was revealed that each leadership style has a different degree of influence on satisfaction.

#### **4.6 Conclusion**

The purpose of this paper evolves around understanding what leadership style best satisfies employees in general and those in the banking sector specifically. Therefore, employees from BLOM and LGB banks were investigated, which allowed us to conduct a comparison between both banks and then detect how different leadership styles affect employee satisfaction.

The comparison stage was divided into two parts, a simple comparison of numbers via descriptive statistics and inferential statistics to test the differences in the results. It was shown that the autocratic leadership style is significantly less in BLOM bank than in LGB bank. In addition, the democratic and transactional leadership styles were significantly higher in BLOM bank than in LGB bank. However, there was no significant difference in the levels of transformational leadership styles or the level of satisfaction between both banks, although comparing the numbers; both seem higher at BLOM bank.

At the regression stage, when taken separately, the democratic, transactional and transformational leadership styles were shown to have positive significant effects on

the level of satisfaction and the autocratic style was revealed to be an insignificant factor. However, when the significant factors were taken all together in one comprehensive regression model, the results proved that the effect of the democratic style was eliminated and the positive effect of the transactional leadership style on the level of employee satisfaction was higher than that of the transformational leadership style.

To summarize, hypotheses 1, 3 and 4 were not rejected, while hypothesis 2 was rejected. The hypotheses are listed below:

H1: The leadership styles adopted vary between BLOM bank and LGB Bank.

*(Approved)*

H2: The level of satisfaction of employees varies between BLOM bank and LGB Bank. *(Rejected)*

H3: Leadership style affects satisfaction. *(Approved)*

H4: Each leadership style has a different degree of influence on satisfaction.

*(Approved)*

Thus, research questions of this thesis were answered. We compared our findings to our previous literature review and researches and we can state that a specific Leadership style in Lebanese banks has a positive or negative impact on the job satisfaction of the employees, aligning with the findings in the literature review on studies made in the UAE, Pakistan and Nigeria banking sectors revealing a significant positive relationship between transactional or transformational leadership style and employee job satisfaction.

In addition, most of the literature proved that the transactional leadership style was yielding good employee satisfaction matching our findings in this chapter which proved that although more innovative approaches, such as the transformational

approach, are successful; the transactional approach remains the most satisfying for the employees in the banking sector.

The findings attained the aim of the study and reached the conclusive results that were set at the beginning of this paper, which is to show the impact of leadership style on employee satisfaction in two alpha banks in Lebanon. As a result, the research questions were answered and the suggested hypotheses were proved, confirming that our results are aligned with most of the findings in literature review and researches in other countries.

Our contribution in this study is that it made an undisputable link between leadership style and employee satisfaction, which can eventually be useful for the banking sector, since the satisfaction of the employees will allow them to optimize their performance and will undoubtedly increase their profitability.

In addition, on the managerial level, this study will have a significant implication on the recruitment of the bank's managers, and will help build development programs aimed at training managers to adopt the optimal leadership style.

## **Chapter 5: Conclusions and Recommendations**

### **5.1 General Conclusion**

This study tackles the issue of leadership styles and employee satisfaction in the banking sector of Lebanon by investigating BLOM bank and LGB bank. Four main leadership styles have been investigated in this paper, specifically, the autocratic leadership style, the democratic leadership style, the transactional leadership style and the transformational leadership style. In the first chapter, a general background on the topic was introduced, in addition to the need of the purpose of this study. In chapter 2, the focus was on theoretical and empirical evidence tackling the literature that exists for this topic. The literature mainly introduced the traditional or classical approaches that seemed to work more in the past, in addition to the more contemporary or hybrid approaches that seem to work more in the fast and modern world we live in today. Most of the literature proved that the transactional leadership style was mostly used in the banking sector in the past and was yielding good employee satisfaction. This paper shows that although more innovative approaches, such as the transformational approach, have proved to be successful in satisfying employees in the banking sector, the transactional approach remains the most satisfying for the employees of this sector until today. The third chapter in this paper identified the population, the sample, the data collection process and the methodologies and strategies that are implemented. In addition, detailed explanation of the models that will be generated and the relationships that will be tested to verify the suggested hypotheses was found in this chapter too. In the fourth chapter the description of the sample under study and the variables used was done via the descriptive statistics. Then, a comparative study between BLOM bank and LGB bank was conducted via specific inferential statistics, mainly comparing the levels of satisfaction and the levels of each of the 4 leadership

styles being adopted. The main aim of this comparison was the verification of the first two hypotheses, where hypothesis one was verified, while hypothesis 2 was rejected. Next, the results of the regression analysis were illustrated, verifying that leadership style does affect the level of satisfaction, mainly the democratic, the transactional and the transformational styles, thus verifying hypothesis 3. In addition, the fourth hypothesis was also verified, since the different leadership styles yielded different degrees of influence on the level of satisfaction. In this chapter, after this introduction that summarized all the previous chapters, we shall briefly state the limitations of this study and all the obstacles that we have encountered. Next, the theoretical and practical implications will be illustrated in addition to some recommendations that we suggest based on the results of this study.

## **5.2 Limitations of the study**

Being conducted in the harshest period of the decade and in a country facing instability, a terrible crisis and political tension created unprecedented limitations to this paper.

First, the difficulties started with the revolution which caused repetitive bank closures making it impossible to distribute the questionnaires and proceed with the investigation. Then, this issue was amplified with the corona pandemic and the regulations that were set to face it, including the closure of the institutions (including banks) and restrictions on driving. Finally, the internal regulations of the bank and the decrease in their hour of work made the collection of data more difficult since the banks were not allowing any survey distribution and collection. Therefore, for all the above-mentioned reasons and with the time limit allocated for this paper, writing this paper witnessed a lot of difficulties.



Furthermore, another limitation would be the subjectivity of respondents and their hesitance in participating in the survey as it questioned their satisfaction at work and the behavior and attitude of their supervisors. For these reasons too, the data collection of this process took more time than the time that was scheduled, making the accomplishment of this study more difficult.

### **5.3 Theoretical and Practical Implications**

This study mainly adds reference and proof to the other studies conducted for the purpose of investigating the optimal leadership styles and employee satisfaction. It might help supervisors in all types of institutions and especially in the banking sector understand what best suits its employees and satisfies them and thus focus on implementing and adopting more.

In addition, since a comparative study is conducted between BLOM bank and LGB bank, this study can be specifically used by both banks for several purposes: understand the level of satisfaction of their employees, evaluate the attitudes and managerial approaches of their managers and top positions and extend perhaps this research to link its results to the performance of their employees and the bank as a whole.

### **5.4 Future research and suggestions**

There are many reasons to pursue further and continuous research to determine optimal leadership styles specific for each work environment and if the same leadership style can be adopted successfully regardless of the organization or the Business sector.

Thus, sample sizes should be increased to encompass a larger sample size that includes different organizations and even different business sectors.

In addition, a leadership style which might be suitable for a large scale organization may not be appropriate for a medium or small scale business. Consequently, studying leadership styles can be expanded as well to take into account different business sizes.

In a nutshell, we can suggest the following topics for further research:

- 1- Optimal Leadership style for different business sectors and different type of organizations.
- 2- Optimal leadership styles depending on business sizes.
- 3- The Impact of adopting a successful leadership style on the organization's performance and sustainability.

Finally, studying the optimal leadership styles for every business must take a proactive approach since as we progress in the future, different leadership styles may emerge and prove to be more effective.

## **5.5 Recommendations**

As mentioned above, since this paper adds proof to other studies and its added value lies in the comparison that was done between LGB bank and BLOM bank, it is recommended to find links between its results and the performance of the employees of each bank and the overall performance of each of those banks too.

In addition, a continuous repetitive evaluation of the level of satisfaction of employees in all types of institutions is very important keeping the employees anonymous in order to get accurate and reliable responses. As many studies suggest, the satisfaction of employees affects different other aspects of the institution and thus there should be a huge focus on it.

Furthermore, as specific recommendations to BLOM bank and LGB bank, the data collected from their employees suggests that their employees are mainly

satisfied. However, it is important to focus on the styles of the supervisors or managers, and train them on better managerial approaches since evidence shows that some still adopt autocratic styles. This especially applies to LGB bank which was proven to have a significant higher autocratic style than BLOM bank.

Finally, as we conclude from this paper the traditional leadership styles, mainly the democratic and autocratic styles, do not have a huge effect on the satisfaction of employees anymore since the interests and incentives of employees have changed with time. Therefore, it has become very essential to focus on encouraging and inspiring employees, allowing them to participate in decision making by taking their ideas into consideration. Moreover, since the transactional leadership style was proven to be the most satisfying to employees it is very important to train supervisors on providing their employees with clear instructions and expectations of what needs to be done and a clear idea about the goals that their organization or their team aim to achieve, making their employees more satisfied, and thus making the achievement of these goals more possible.

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## Appendices

### Appendix A: Survey Questionnaire

This survey is part of the study that shall be submitted in partial fulfillment of the requirements for my Master of Science degree in Business Strategy at Notre Dame University- Louaize, examining the impact of leadership styles on employee satisfaction in the Lebanese alpha banks.

In this survey you shall be asked several questions related to your satisfaction in your job and the leadership style of the manager(s) at your institution. Thank you for your time and for accepting to participate in this survey which shall require 5-10 minutes to be filled. Please note that all data will be treated confidentially and anonymously.

1- Gender:

Male

Female

2- Age:

20-25

41-45

26-30

46-50

31-35

51-55

36-40

More than 55years' old

3- Level of education:

Less than high school

Master

High school

PhD

Bachelor

Other:

4- How long have you been working at your institution?

0 - 5 years

6 - 10 years

11 - 15 years

16 - 20 years

More than 20 years



Please respond to the following statements by stating your level of agreement from 1 (strongly disagree) to 5 (strongly agree):

Level of Agreement	1	2	3	4	5
A.1 Your supervisor has full control over the resources and decision making.					
A.2 Your supervisor does not rely on your attitudes or ideas, but focuses only on his own perspectives.					
A.3 Your supervisor closely supervises and controls you.					
A.4 Your supervisor distrusts your ability.					

Level of Agreement	1	2	3	4	5
B.1 Your supervisor does not centralize authority.					
B.2 Your supervisor shares tasks.					
B.3 Your supervisor delegates.					
B.4 Your supervisor empowers you.					

Level of Agreement	1	2	3	4	5
C.1 You are usually provided with a clear set of instructions of what needs to be done.					
C.2 You are usually informed of the goals that are expected to be achieved.					
C.3 You are always informed about the organization's expectations from you.					

<b>Level of Agreement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
D.1 Your supervisor focuses on motivating and encouraging you.					
D.2 Your supervisor uses intellectual stimulation through active guidance and inspiration.					
D.3 Your supervisor believes and applies individual consideration.					

<b>Level of Agreement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
E.1 You often find yourself smiling at work.					
E.2 You participate in the events of the company.					
E.3 You usually invest ideas and offer solutions to the difficulties faced by the company.					
E.4 You usually keep your desk clean and make sure the company's resources are conserved.					
E.5 You would describe the atmosphere at your work as supportive (and not competitive).					

Thank you!