南華大學社會科學院國際事務與企業學系公共政策研究碩士班

## 碩士論文

Master Program in Public Policy Studies Department of International Affairs and Business College of Social Sciences Nanhua University Master Thesis

領袖型態與工作滿意度及組織奉獻間的關係:以蒙古私部門為

例

Leadership Style, Job Satisfaction, and Organizational Commitment: A Case Study of Mongolian Private Sector

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# 國際事務與企業學系公共政策研究碩士班 碩士學位論文

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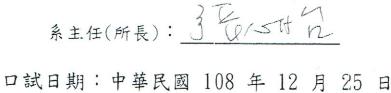
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#### 摘要

在 21 世紀的市場中,公司正在積極開發自己的優勢,例如技術,市場營銷,人力 資源,產品價格,以求生存。不幸的是,沒有一個好的領導者,該公司就不可能有效 地管理和創造優勢與資源。就像沒有船長的船一樣。過去的研究人員已經證實,領導 力是通過有效管理人力資源來實現組織目標和提高組織績效的重要因素。

因此,本研究將集中於調查在蒙古私營部門工作的僱員的領導風格,工作滿意度和 組織承諾之間的關係。通過社交媒體將數據收集程序繼續進行了一個月,在線調查中 有 298 位從事私營部門工作的受訪者。

在數據分析部分,使用 SPSS21 軟件進行描述性統計,因子,可靠性,相關性和回歸分析。結果,變革型領導風格,交易型領導風格,工作滿意度和組織承諾之間有著重要而積極的關係。

關鍵字:領導風格、工作滿意度、組織承諾、私營部門

## ABSTRACT

In the market of 21 century, Companies are actively developing their advantages such as technology, marketing, human resource, product price to survive ever before. Unfortunately, the company is not possible to effectively manage and create advantages and resources without a good leader. It is the same as a ship without a captain. Past researchers already confirmed that leadership is an essential factor in achieving the organizational goal and increasing organizational performance by effectively managing human resources.

Therefore, this study will focus on investigating the relationships among Leadership styles, Job Satisfaction and Organizational Commitment in the case of Employees who work in the Mongolian Private Sector. The data collection procedure was continued for one month via social media and 298 respondents who work in the private sector filled the online survey.

In the data analyzing section, SPSS21 software was used to perform Descriptive Statistics, Factor, Reliability, Correlation and Regression analyses. From the result, Transformational Leadership Style, Transactional Leadership Style, Job Satisfaction and Organizational Commitment have significant and positive relationships with each other.

Keywords: Leadership Style, Job Satisfaction, Organizational Commitment, Private Sector



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## **CHAPTER ONE. INTRODUCTION**

Rapid technological development and supported by globalization lead to increasingly fierce competition in any industry in the world. It requires any company to be more responsive to survive. The company must be able to improve any aspect of their organization, especially the quality of human resources. The success of an organization does not depend on how great they can manage their finance, marketing, and product, but it depends more on how they manage their human resources.

Swart (2012) said that human capital is a critical resource in most firms. Tracey (2016) found that human resources can be a part of the overall strategy of an organization. There are other researchers such as Fu and Deshpande (2014), whom both mentioned that managing technology or capital is more comfortable than managing people (human resource). It is more difficult to manage human resources because it involves various elements within the company, such as employees, leaders (managers), and the systems of the company itself.

Good cooperation between those three elements will cause a conducive working environment so either employees or leaders, they can do their task maximally. The company expects a conducive working environment; it can create job satisfaction because it can bring a considerable influence on an organization's productivity through employee performance. While dissatisfaction is the starting point of any problem, such as the conflict between employees and managers and less motivation for working on the employee, increasing job satisfaction cannot be separated from the role of the leader in the organization. Chuadhuri (2015) defined that an effective hiring process, training strategies, retention of employees, along with effective leadership style, is essential for an organization (Chaudhuri, 2015). Leadership style plays a vital role in employees' creativity, feelings, and satisfaction, also in organizations' strategy formulation and implementation (García-Morales, 2012).

Leadership theories emphasize improving relationships between leaders and employees. In comparison to other leadership styles, transformational leadership is more effective in increasing employee commitment, performance, and job satisfaction (Banks, McCauley, Gardner & Guler, 2016). A leader plays a vital role in the success of a company because the leader is someone who will plan, organize, mobilize and control all resources so that the goal of the company can be achieved effectively and efficiently.

Therefore, a leader in the organization requires to be able to create a condition that would satisfy employees in work and to obtain employees who are not only ready to work but also willing to work towards the achievement of organization goals. Because leadership holds an essential role in an organization, it attracts the attention of the researcher in the organizational behavior field. Bass (1990) said that the quality of a leader often regarded as the most critical factor that determines the success or failure of an organization.

Some other researchers, such as Yang (2012) also stated that a leader has a significant influence on the success of the organization. Excellent leadership skill is crucial for creating an appropriate communication channel among the various team members in a specific activity. Otherwise, the manager who has strong leadership skills improves the information sharing process between the members and team efficiency. Especially, If team members work on complex projects, strong leadership skills positive effects on job performance of members through improving information sharing among team members (Tabassi, Ramli, & Dashti, 2013:48). The leadership is an integral part of management, which can help to improve cohesiveness in the project environment and collaboration among the members.

There are other researchers, such as Lunenburg (2012) also stated that leadership is a critical element of an organization's effectiveness. Leadership style is a way used by a leader to influence the behaviors of workers or followers. A right leadership style is a style that can motivate their followers. Each leadership style has its strengths and weaknesses, which can affect organizational effectiveness and performance (Chaudhry, 2012). A leader will use their method to lead according to their ability and personality (Long, 2014). An efficient leadership helps organizations to achieve the goals through improving the job performance of all workers.

In an organization, a manager needs to influence or motivate the team members in their leadership style for achieving the organization's goals in an effective and efficient way. Thus, leadership style can effects of positive and negative on employee job performance. Nusler and Eskildsen (2000) stated that job satisfaction comes from their assumption related to their particular job and their company. It means that worker assumption related to leadership behavior is an essential factor in job satisfaction of workers.

According to Parmer and Green (2013), Conflict among workers and managers, insufficient salary, job absence directly increases job dissatisfaction. Thus, managers who have the appropriate leadership style can develop an internal environment of the company. Managers regularly and evaluate organizational commitment, employee performance, job satisfaction to achieve the goal efficiently.

The research study focused on investigating the importance of leadership style among employees who work in the Mongolian private sector and the analyzing results will be used to produce conclusions and suggestions related to Leadership style for improving the internal environment of companies.

## **1.1 Statement of the Problem**

In recent years, Companies are actively competing by technology, management, skill, and knowledge of the labor force, marketing to find a competitive advantage that can help to expand market share and survive in the industry. The company consists of employees and use different culture or policy to achieve the goal by managing workers. The productivity of each employee directly impacts the organization's success, and the productivity is affected by multiple factors such as salary, team atmosphere, career growth policy, leadership, and others.

Previous international researchers confirmed that leadership is an essential factor to improve job satisfaction and organizational as well as it is an integral part of management. According to Alimudding (2017), Company managers need to produce a leadership strategy that can help to achieve the organization's goal by investigating the general behavior and attitude of employees. About fifty thousand companies do business operations in Mongolia, and eighty percent of them have lower than five workers. Generally, the managers of little companies do not have understandings related to leadership, and they manage the team members by their life experience. Therefore, managers always face management issues such as motivating and improving the job performance of employees, and the reason dissolves thousands of companies.

Consequently, it is essential to give an academic and practical understanding of leadership for managers to improve organizational commitment and job satisfaction, which supports the job performance of employees.

## **1.2 Definition of Terms**

**Leadership** is a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reachorganizationaln goals (Bunmi Omolayo, 2007).

**Leadership style** is roughly equivalent to the leader's behavior. It is the way in which the leader influences the followers (Clark, 2009).

<u>**Transformational leadership**</u> is viewed as a people-oriented leadership style where emotional attachments occur between the leader and follower (Mester and Roodt, 2003).

<u>**Transactional leadership**</u> is comprised of the behavior of an exchange between the leader and follower, where rewards are always linked with the effort and output produced by the subordinate (Pieterse, 2010).

<u>Job satisfaction</u> is recognized as an agreeable emotion that originates from work experience and is generated by different motivators (Mohammad, 2011).

<u>**Organization commitment**</u> refers to the employee's emotional attachment to, identify with, and involvement in the organization. In essence, measuring organizational commitment is an assessment of the congruence between an individual's own values and beliefs and those of the organization (Swailes, 2002).

### **1.3 Theoretical Framework**

The frame is based on the previous theoretical background, and the conceptual framework includes four hypotheses with five constructs (Transformational leadership, Transactional leadership, job satisfaction, organizational commitment).

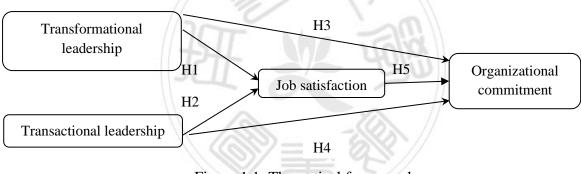


Figure 1.1: Theoretical framework

#### 1.4 Methodology

The methodology is to construct the framework and define the questionnaire design and analyzing methods based on the previous hypothesis. The research is based on primary and quantitative data which was collected from respondents through online as well as a questionnaire with items was delivered by the social media channel. Questionnaire design, Analyzing methods, or procedures were informed in the below stages.

Stage 1: Collecting academic journals or articles according to the topic and propose detailed hypothesizes based on them.

Stage 2: Defining questionnaire items and analyzing or research methods based on previous literature.

Stage 3: Collecting quantitative data sample using produced questionnaire design and deliver the survey by multiple channels (Facebook, Twitter, Mail, etc.).

Stage 4: Converting to comfortable form for analyzing software and analyzing the quantitative data samples.

Stage 5: Producing conclusion and suggestions for private organizations based on the result of previous analyzing.

#### • Quantitative Research

The quantitative research methods are a mathematical, statistical, or numerical analysis of data gathered through questionnaires, polls, surveys. Also, it can be manipulated with secondary or pre-existing numerical data using computational techniques. Quantitative methods focus on collecting data that can be expressed in statistical terms and to convey a particular phenomenon.

Quantitative research is defined by Bryman and Bell (2015) that it is 'entailing the collection of numerical data and exhibiting the view of the relationship between theory and research as deductive, a predilection for natural science approach, and as having an Objectivist conception of social reality. So the specific form of research uses the quantitative data for analysis. The most popular research methods in this category are closed-ended questionnaires, experiments, correlation, and regression analysis methods, and others.

A questionnaire survey was used to collect primary data for this research — the questionnaires distributed via the Internet, mainly through the social networking website. About the nature of the study, the method of the online poll was selected. It has been reported that respondents generally found online surveys are more exciting and enjoyable than traditional printed format, implying that online payment not only more likely to respond to our online inquiry, but also more likely to respond accurately Respondents interfaced only with their computers and were given as much time as they needed, thus eliminated potential interview and increased the reliability.

#### • Target Group and Questionnaire Design

The questionnaire design has 41 items related to respondent's demographic information, leadership styles, job satisfaction, and organizational commitment. The study planned to collect primary data from 300 employees who work in the private sector of Mongolia, and the questionnaire was distributed to workers who have 20-55 ages by Social Media. The Likert five-point scale measures the scale of the survey. The scales are labeled with 1, 2, 3, 4, and 5

points to represent the values, which means very disagree, disagree, Ordinary, agree, and strongly agree with the five equal parts. Respondents are asked to answer the degree of agreement on each item on the questionnaire. The higher the score, the more they agree with the narrative.

## 1.5 Hypotheses

Previous literature reviews are approved positive relationships among leadership style, job satisfaction, and organizational commitment. Thus, the research study proposed five hypotheses based on the last review literature related to the topic.

Hypothesis	
H1	Transformational leadership has a positive relationship with Job satisfaction
H2	Transactional leadership has a positive relationship with Job satisfaction
Н3	Transformational leadership has a positive relationship with Organizational Commitment
H4	Transactional leadership has a positive relationship with Organizational Commitment
H5	Job satisfaction has a positive relationship with Organizational Commitment

Table 1.1 Hypothesis summary

Source: author made

## **1.6 Reviews of Related Literature**

Tracey (2016) found that human resources can be a part of the overall strategy of an organization. There are other researchers such as Fu and Deshpande (2014), whom both mentioned that managing technology or capital is more comfortable than managing people (human resource). It is more difficult to manage human resources because it involves various elements within the company such as employees, leaders (managers) and the systems of the company itself. Good cooperation between those three elements will cause a conducive working environment so either employees or leaders, they can do their task maximally.

The company expects a conducive working environment; it can create job satisfaction because it can bring a considerable influence on an organization's productivity through employee performance. When employee job satisfaction was decreased, the situation becomes a fundamental reason to reduce performance and organizational commitment of workers. Increasing job satisfaction cannot be separated from the role of the leader in the organization.

Chuadhuri (2015) defined that an effective hiring process, training strategies, retention of employees, along with effective leadership style, is essential for an organization (Chaudhuri, 2015). Leadership style plays a vital role in employees' creativity, feelings and satisfaction, also in the organizations strategy formulation and implementation (García-Morales, 2012). Leadership styles vary between industries and organizations (Zahari & Shurbagi, 2012). Leadership styles also differ from one situation to situation (Lok and Crawford, 2004). Most leaders adapt their leadership style by the demand and working environment of an organization (Zahari & Shurbagi, 2012).

Generally, There are two types of leadership styles, including Transformational and Transactional leadership, which were introduced in the early 1970s. According to Mester (2003), leadership style has three types, such as Transactional, Transformational, and Laissez-faire leadership styles, and the most popular investigated leadership styles are the first two.

Transformational leadership occurs in the case of the leader become uphold and broader the interest of the workers once they generate acceptance and awareness of the assignment and goal of the group, so when they blend workers to see beyond their self-interest for the good of the group (Schreiber, 2006).

The transformational leadership style strongly affects company performance by motivating and convincing its workers. Transactional leadership is comprised of the behavior of exchange between the leader and follower, where rewards are always linked with the effort and output produced by the subordinate (Pieterse, 2010). Transactional leaders utilize exchange methods based on rewards and penalties. If an employee works well, they will give bonuses, and otherwise, workers will get penalties from them.

Research indicates that effective leadership improves employee job satisfaction and commitment toward the organization (Ojokuku, Odetayo, & Sajuyigbe, 2012).

## **1.7 Research Significance**

The workforce is the most challenging capital to manage, and companies need to focus on multiple factors such as leadership strategy, job satisfaction, and organizational policy for improving their productivity. The significance is to produce useful leadership understanding, which is possible to implement in private companies by investigating the impact of leadership style on organizational commitment and job satisfaction. Likewise, filling a research gap that related to the topic is one function of research significance because relationships of the variables are never investigated in the case of Mongolia. Conclusion and suggestions of the research study will make highly contribute to the development of organizational management, such as finding appropriate leadership styles for Mongolian managers, producing effective leadership strategies based on analyzing the result.

## **1.8 Limitations**

- Primary data in the research were collected only by social media, and respondents were randomly selected.
- The study didn't investigate other factors than leadership style, job satisfaction, and organizational commitment.
- It is not possible to know false answering and repeated fillings of respondents because it is collected by online.
- Non-answered items are possible to an adverse effect on data quality



## **CHAPTER TWO. LITERATURE REVIEW**

## 2.1 Leadership

In recent years, all organizations give strategic importance to the leadership role to survive and compete in the international emerging business environment (Sheri-Lynne, 2007). The leadership has an essential impact on the employee's attitudes related to their job. Past researchers investigated the leadership importance in the case of many companies, and the final conclusion was produced that leadership style in the manager's significant effects on company success. It is the art of motivating a team or members to achieve a general goal. According to Vigoda-Gadot (2007), Leadership is affecting procedure on collaboration or dynamic interaction between employees and superiors for accomplishing any goal.

Mohammad Mosadegh (2006)	Leadership style is the approach and manner of motivating people, implementing plans, and providing direction. According to employee perception, it is a general characteristic of implicit and explicit activity performed by their leader.
Bunny Omolayo, (2007)	Leadership is a social influencing action on employees or team members to achieve company goals, and the primary influence will be a leader.
Holstein (2015)	Leadership is the skill to motivate a team towards an overall goal, and it is not possible to implement without a leader.
Mullins, 2004	A leader is considered via a person who can influence the people to a specific goal.

Table 2.1 Leadership Definitions

Source:author made

## 2.2 Leadership Styles

The style is a method of leaders such as motivating people, implementing plans, and providing direction. An efficient style of leadership is essential in an organization to increase the productivity of all workers in accomplishing the general objective that has been defined by the organization. In an organization, a leader needs to motivate or influence their followers in their style so that the employees can work productively, effectively, and efficiently to achieve the organization's goals.

However, dealing with workers is not an easy task to do because they are human who has their thoughts, feelings, and minds. So, leadership style can motivate the workers or discourage them, which will affect their job performance. Leadership is critical for organizational success (Bryant, 2003). Leadership styles vary between industries and organizations (Zahari & Shurbagi, 2012). Leadership styles also differ from one situation to the situation (Lok and Crawford, 2004). Most leaders adapt their leadership style by the demand and working environment of an organization (Zahari & Shurbagi, 2012). Style of leadership plays a critical factor in improving feelings, creativity, the satisfaction of employees, additionally in company strategy implementation and formulation (García-Morales, 2012).

Leadership style is a way used by a leader to affect the behaviors of followers or workers. A right leadership style is a style that can motivate their employees. Any leadership style has its advantages and disadvantages, which can affect organizational effectiveness and performance (Chaudhry, 2012). The two prominent leadership styles are discussed in past studies. Since 1990 transactional and transformational leadership manners introduced by Somech (2008); these understandings were widely investigated and used among leadership researchers. Leadership style is defined as the pattern of behaviors that leaders display during their work with and through others (Madlock, 2008). Miller et al. (2002) view leadership style as the pattern of interactions between leaders and subordinates.

Table 2.2 Definitions	of Leadership Style
-----------------------	---------------------

	The style is the approach and manner related to motivating people,
Obituary, 2011	implementing plans, and providing direction. Generally, it is compounded meaning which expresses implicit and explicit actions performed by leaders during interacting employees.
Clark,	The terminology style is roughly equivalent to the leader's behavior. It is how
2009	the leader influences the followers.
DuBrin,	Leadership style is behavior and consistent interaction form of leader to achieve
2001	the organizational goal by providing direction and motivating people.

Source:author made

## 2.3 Types of Leadership Style

Generally, there are two types of leadership styles, including Transformational and Transactional leadership, which were introduced in the early 1970s. According to Mester

(2003), leadership style has three types, such as Transactional, Transformational, and Laissezfaire leadership styles, and the most popular investigated leadership styles are the first two.

## 2.3.1 Transformational leadership

The styles motivate the workers to accomplish remarkable or unexpected outputs. It provides employees autonomy towards certain their jobs, as well as the authority to make an independent decision after the job experience. The transformational leadership style strongly affects company performance by motivating and convincing its workers. Also, Leaders who use the form encourages and persuades their workers in the work environment. It supports in improving enthusiasm and spirit between the team members and enhances worker commitment related to the company. According to Bommer (2004), Transformational leadership is a more flexible, open, supportive functional change in the organization.



	1
	Transformational leadership is defined by leaders who can elevate and
Nielsen and	broaden the enthusiasm of their employees, improve knowledge and
Yarker	expertise as well as empower them to transcend their interests for the
(2008)	development of the company.
Mester and Roodt	It is identified by a people-oriented leadership style based on emotional
(2003)	interaction among followers and leaders.
	Transformational style is defined by long-term leadership processes
Kurland	based on levels of motivation and morality among followers and
(2010)	leaders.
Moss, 2007	Transformational leadership is defined by excellent leadership productivity seen when leaders inspire workers to generate acceptance related to the mission and goals of the group, their awareness and arouse their interest level. Also, Leaders with a transformational style focus on inspiring workers for the welfare of the company beyond their self- interest.
Ismail, A (2009)	The transformational leadership style focuses on the needs and development of employees. Leaders with transformational style accomplish the company goals through developing their moralities and inspirational level.
Source:author made	

Table 2.3 Definitions of Transformational Leadership

In this study, transformational leadership measurement-based "Four I's" model was developed via Riggio and Bass (2006). It has four dimensions and is illustrated by followings:

Table 2.4 Dimensions of Transformational leadership

Inspirational motivation	Transformational leaders motivate and inspire their subordinates to complete challenging assignments by sharing their vision and strategies with employees (Bass & Riggio, 2006).
Idealized	Transformational leaders influence their subordinates by being role
influence	models (Bass & Riggio, 2006).
Intellectual	Transformational leaders intellectually stimulate employees to solve
stimulation	challenging problems creatively (Weber, 2009).
Individual	The dimension implies that transformational leaders act as mentors and
consideration	facilitators for subordinates (Bass & Riggio, 2006).

Source:author made

## 2.3.2 Transactional Leadership

According to the theory of Maslow's hierarchy, transactional leadership style provides fundamental levels of satisfaction needs, and it means that the leaders focus on delivering lower requirements of the hierarchy. Transactional leaders utilize exchange methods based on rewards and penalties. If an employee works well, they will give bonuses, and otherwise, workers will get penalties from them.

Bernald and Bass (2008) stated that a person with style also could punish adverse outcomes or shoddy work until the issues are solved. The leaders inspire their employees by exchange procedures. In another's words, It is trading among leaders and followers based on meeting performance criteria or specific goals (Trottier and Van, 2008). According to Scott (2003). The transactional leaders instantly checks the association among productivity and reward, and then make an appropriate response to inspire employee and improve job performance. Jung (2001) stated that transactional leadership in a company implements an exchange model among employees and managers.

The transactional leadership style is defined by the relationship between management and employees based on the exchange of rewards (Howell, 1993). Avolio and Bass (1990) identified that Transactional leaders inspire employees via the use of rule enforcement, corrective actions, and contingent rewards.

	Transactional style is identified by "take and give" type of relationship with
	Transactional style is identified by take and give type of relationship with
J. M. Burns	the work environment, and the exchange model is the main form of
(2010)	interaction among subordinate and manager. The exchange items are
	monetary rewards and penalties for accomplishing job tasks.
Hackman	Transactional leadership is a passive method of management and tries to
(2009)	maintain the status quo by rewarding employees.
Naidu & Van	Transactional leadership is a leader-follower exchange based leadership in-
der Walt	which leader exchange rewards or punishment with the follower for the task
(2005)	performed, and in return, expects productivity, efforts, and loyalty from the
	follower.
	Transactional leaders become less engaged, less appealing and become
Howell &	mediocre when transacting with subordinates by rewards concentrated on
Avolio, 1993	realizing the work achieved, or focus on their mistakes, or delaying in
	making decisions, or avoiding to interfere until something has happened.
Source:author m	nade Jack State St

## Table 2.5 Definitions of Transactional leadership

Adhering to the path-goal theory, transactional leaders are expected to do the following:

- "Set goals, articulate explicit agreements regarding what the leader expects from • organizational members and how they will be rewarded for their efforts and commitment, and provide constructive feedback to keep everybody on task" (Vera & Crossan, 2004: 224).
  - Transactional leaders give more attention to improve the effectiveness of the created process and routines as well as are more worries about following current rules than implementing
  - Improvements related to the organizational structure. Thus, they operate most effectively in organizations that have evolved beyond the chaotic, no-rules stage of entrepreneurial development that characterizes so many new companies.
  - Transactional leadership standardizes and produces practices that can help the company • to emphasize the setting of tasks, improving operation efficiency, increasing productivity, and decreasing implementation period.

Transactional leaders more focus on the procedures rather than forward-thinking ideas. According to Aamodt (2016), the leadership style is divided into three dimensions: Management-by-exception: passive, Contingent reward, and Management-by-exception: active.

	It expresses the transactional effectiveness and the exchange among
	subordinates and superior. Transactional leaders that adopt this
Contingent	dimension will be ready to render any assistance in exchange for the
Reward	subordinates' efforts, and such leaders will only be satisfied when their
	expectations are met accordingly. Incentives or Rewards are utilized to
	accomplish the desired result.
Management by	Leaders frequently evaluate every employee's productivity and
Exception	implement corrective actions in case of mistake happening (Mulder, P,
(Active)	2016).
Management by	Leaders do not evaluate worker productivity and wait to happen crucial
Exception	problem before implementing any correction solution (Mulder, P,
(Passive)	2016).

 Table 2.6 Dimensions of Transactional Leadership

Source:author made

## 2.3.3 The Difference Between Transactional Leadership and Transformational Leadership

Transformational and Transactional are the two popular models of leadership style compared to other methods. James MacGregor Burns gave detailed explanations related to the difference between these leadership styles. Transactional leaders offer tangible rewards depending on loyalty and the work of the employee. Transformational leaders give more attention to high-level hierarchical needs, engage with employees, develop consciousness related to the importance of the particular result, and innovative methods in which those results might be accomplished (Hay, Ian, 2012). Transactional leaders tend to be more passive as transformational leaders demonstrate dynamic behaviors that include providing a sense of mission.

Transactional	Transformational
Leadership is responsive	Leadership is proactive
Works within the organizational culture	Works to change the corporate culture by implementing new ideas
Employees achieve objectives through rewards and punishments set by the leader	Employees achieve goals through higher ideals and moral values
Motivates followers by appealing to their self-interest (Hatcher and Tim, 2002).	Motivates followers by encouraging them to put group interests first (Hatcher and Tim, 2002)
Management-by-exception: maintain the status quo; stress correct actions to	Individualized consideration: Each behavior is directed to each to express attention and support (Hackman, 2009).
improve performance (Hackman, 2009).	Intellectual stimulation: Promote creative and innovative ideas to solve problems (Hackman, 2009).

Table 2.7 Difference of Transactional and Transformational leadership

Source: Odumeru, 2013

## **2.4 Job Satisfaction**

Generally, Job satisfaction is defined by employees feeling related to their jobs. According to Spector (1997), it can be identified by "how the worker feels about various aspects of their job." The satisfaction is an essential factor that leads to promotion, income, recognition, and the accomplishment of another objective that brings a feeling of fulfillment (Kaliski, 2007). It is the combination of beliefs and opinions related to their current job. The job satisfaction level of employees is expressed by extreme dissatisfaction and extreme satisfaction. Also, Employee' attitudes relevant to their coworkers, manager, salary is possible to express job satisfaction of employee (George, 2008).

	Job satisfaction can also be defined as the extent to which a worker is
Statt, 2004	content with the rewards he or she gets out of his or her job, particularly
	in terms of intrinsic motivation.
	Job satisfaction depends on the feelings and attitudes of people related to
	their job. Favorable and positive perspectives about the situation define
Armstrong, 2006	job satisfaction. Unfavorable and conflicting views about the case
	determine the dissatisfaction.
	It is the combination of beliefs and feelings related to their current job.
	The job satisfaction level of employees is expressed by extreme
George et al.,	dissatisfaction and extreme satisfaction. Also, Employee' attitude
2008	compared to their coworkers, manager, salary is possible to express job
	satisfaction of the employee.

Table 2.8 Definitions of Job Satisfaction

Source:author made

According to Nazim (2018), Organizational support is essential to improve worker loyalty and satisfaction. Employees evaluate company support by leadership behavior, and it plays a crucial role in accomplishing the desired goals of the organization. Generally, best organizations have a lot of satisfied workers, and high dissatisfaction decreases the probability of success related to the company.

The satisfaction consists of multiple satisfaction aspects and general or overall job satisfaction. The comfort and Organizational Commitments are crucial attitudes for evaluating employee perception to leave and their public contribution to the company. Job satisfaction is effected via multiple contextual variables of an organization such as leadership, job security, salaries, workplace flexibility, and job autonomy.

Past researchers confirm that appropriate direction in the organization positively affects productivity, commitment, and job satisfaction of the employee. According to Yousef (2017), the pleasure expressed employee attitude related to their job and organization. Job satisfaction and efficient leadership are fundamental factors to achieve success for the company. Workers with excellent job satisfaction are more willing to work for accomplishing their assigned objective, and they prefer organizational interests. The organization, which gives more

importance to employee satisfaction have a high opportunity for attracting and retaining skilled workers.

#### 2.4.1 Job Satisfaction Measurement

Hulin and Judge (2003)have noted that job satisfaction includes multidimensional psychological responses to an individual's job and that these personal have cognitive (evaluative), affective (or emotional), and behavioral responses components. Job satisfaction scales vary in the extent to which they assess the valid feelings about the job or the cognitive assessment of the situation.

- Affective job satisfaction is a subjective construct representing an emotional feeling individuals have about their job (Thompson, 2012). Hence, sufficient job satisfaction for individuals reflects the degree of pleasure or happiness, their role in general induces.
- Cognitive job satisfaction is a more objective and logical evaluation of various facets of a job. Cognitive job satisfaction can be unidimensional if it comprises evaluation of just one aspect of a job, such as pay or maternity leave, or multidimensional if two or more elements of a job are simultaneously evaluated. Cognitive job satisfaction does not assess the degree of pleasure or happiness that arises from specific job facets, but instead gauges the extent to which those job facets are judged by the job holder to be satisfactory in comparison with the objectives they set or with other jobs. While cognitive job satisfaction might help to bring about sufficient job satisfaction, the two constructs are distinct, not necessarily directly related, and have different antecedents and consequences (Moorman, 1993).

Job satisfaction can also be seen within the broader context of the range of issues that affect an individual's experience of work, or their quality of working life. Job satisfaction can be understood in terms of its relationships with other vital factors, such as general well-being, stress at work, control at work, homework interface, and working conditions (Tomaževič, 2014).

## 2.5 Organizational Commitment

The commitment expresses the physocholigcal state of employees related to the organization. It is essential to retain skilled workers in the company. In other word, it is a degree which defines how active employees connected to their organization (Fu and Deshpande, 2013). According to Allen (1990), Organizational commitment is an employee's willingness to stay in the organization: perception outputting from the internalization of normative pressures exerted

on the following entry. John (1991) stated that organizational commitment is the decision of employees whether to leave or not leave the organization. Porter (1974)defined that it is the strength of relationships among employees and organizations or willingness to stay in the organization. Organizational commitment is the level that evaluates an employee's desire to work in a company and to become an integral part of the organization or membership (Robbin, 2008).

Aaron and Cohen (2003)	The commitment is identified by the worker's feeling of faithfulness and affection about the organization that is employing them. Also, It can be defined by the intentions and attitudes of the employee.
Arnold (2005)	It is "the relative strength of an individual's identification with and involvement in the organization."
Opkara, 2004	Organizational commitment is defined via the worker's willingness to support the corporate objective. If workers have high to learn and grow with the current colleagues, their commitment degree to stay with a particular company is more elevated.
Swailes, 2002	Organizational commitment expresses to the worker's involvement, identification with, emotional attachment in the company. Evaluating the responsibility is the measurement of the relationship between organization and individual's own beliefs and values.

Table 2.9 Definitions of Organizational Commitment

Source:author made

Organization's commitment consists of three components, including normative, continuance, and affective commitment (Allen, 1990), and These commitment types were widely investigated among past researchers. An employee who has excellent emotional responsibility stays in the company because they sense "they want to," also people with strong continuance commitment stay because "they need to," someone with powerful normative commitment stays because "They ought to."

#### 2.5.1 Types of Organizational Commitment

Affective Commitment	It refers to "a positive affection toward the organization, reflected in a desire to see the organization succeed in its goals and a feeling of pride at being part of the organization" (Cohen, 2003).
Continuance Commitment	Continuance Commitment- costs associated with leaving the organization. It refers to "an individual's awareness of the costs of leaving the organization" (Meyer, 2016).
Normative Commitment	Normative Commitment- perceived obligation to remain with the organization have implications for the continuing participation of the individual in the organization (Warsi, 2009).

Table 2.10 Types of Organizational Commitment

Source:author made

## 2.6 Transformational Leadership and Job Satisfaction

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Prior studies indicate that job satisfaction significantly depends on the leadership style (Carleton, 2018). Flexible organizations have a participative management style with an interactive environment and a satisfied workforce (Gong, Huang, & Farh, 2009). The transformational leadership style is highly effed active in enhancing job satisfaction (Herman & Chiu, 2014).

Research indicates that transformational leadership also improves employee perception and commitment towards the organization (Ojokuku, Odetayo, & Sajuyigbe, 2012;). It has been argued that both transactional and transformational leadership affects the satisfaction level of employees (Lok & Crawford, 2004).

However, transformational leadership has a more significant impact on job satisfaction as compared to transactional leadership (Awamleh & Al-Dmour, 2004). Prior research has concluded that transformational leaders believe in empowering employees, which enhances their motivation and satisfaction level (Top, Akdere, & Tarcan, 2015).

H1: Transformational leadership positively affects job satisfaction.

## 2.7 Transactional Leadership and Job Satisfaction

The transactional leadership style involves rewards and punishments. The transactional leader rewards workers that have achieved the desired target (Saleem, 2015). On the contrary, workers that underperform are punished.

The rewards can be in the form of promotion and salary increments. Punishments may be in the form of termination and a cut in salary increments (Jansen, Vera, & Crossan, 2009). Past research has argued that this leadership style may not be useful in all situations (Bryant, 2003). Under transactional leadership, employee motivation depends on transactions (i.e., Rewards and punishments).

Therefore, transactional leadership will adversely affect performance and satisfaction in the long run (Hartog, Muijen, & Koopman, 1997). Some studies have argued that neither transactional nor transformational leadership styles are capable of improving employee motivation and satisfaction level. Epitropaki & Martin (2005b) suggests that employees prefer the inspiration and consideration aspects of transformational leadership.

Moreover, employees also favor the contingent rewards aspect of transactional leadership. On the contrary, some studies have found that both leadership styles positively affect the employee's job and career satisfaction (Jansen, Vera, & Crossan, 2009). Epitropaki & Martin (2005a) found that the effectiveness of transactional and transformational leadership styles vary from one situation and industry to another. Prior studies have found that transactional leadership tends to be more effective in the short term as compared to the long-term (Medley & Larochelle, 1995).

Moreover, individual consideration (a trait of transformational leadership) has a similar effect. More considerate leaders tend to enhance employee performance in the short term (Epitropaki & Martin, 2005b).

H2: Transactional leadership positively effects on job satisfaction

#### 2.8 Transformational leadership Style and Organizational Commitment

The Relationship between Transformational Leadership Styles and Organizational Commitment Previous research has devoted a great deal of attention to the relationship between leadership behavior and employees' commitment. Several studies found a positive correlation between the two variables (Hill, Seo, Kang, and Taylor,2012). Den Hartog and Belschak (2012 also found that there was a positive relationship between a leader's behavior and employees' commitment. Lee (2008) found out that transformational leadership significantly correlates with an employees' commitment to the sample of professionals in Singapore. On the other hand, Ramayah (2009) noted that transformational leadership has a moderate positive correlation

with affective commitment. Aghashahi (2013) found that individualized consideration has a positive association with both emotional commitment and normative commitment.

Bushra (2011) suggest that transformational leaders can influence followers' organizational commitment by promoting higher levels of intrinsic value associated with goal accomplishment, emphasizing the linkages between followers' effort and goal achievement, and by creating a higher level of personal commitment on the part of the leader and followers to a shared vision, mission, and organizational goals. Korek (2010) discovered that transformational leaders who encourage their followers to think critically and creatively have an influence on their followers' commitment.

This is further supported by Walumbwa and Avolio (2009) that transformational leaders can motivate and increase followers' motivation and organizational commitment by getting them to solve problems creatively and also understanding their needs. Similarly, Bommer (2004) highlighted that a transformational leadership style is a more supportive, open, and flexible, functional change in the organization.

Likewise, Emery and Barker (2007) enlightened that the transformational leadership style can enhance the employee commitment level. Equally, Erben and Guneser (2008) the result revealed that employee commitment level has increased by implementing a transformational leadership style.

H3: Transformational leadership positive affects organizational commitment.

# 2.9 Relationship of Transactional Leadership Style and Organizational Commitment

This style of leadership is famous as managerial leadership, which focused on encouraging their employees through punishments and rewards. This style of leadership guides and motivates their employees to accomplish their tasks (Mahmoud, 2008). According to Huey (2009), transactional leadership style is the transaction between leaders and employees. However, Bushra (2011) highlighted that no leadership styles have priority on each other and not fix it may be transactional leadership style, or it may be transformational leadership style; it depends on the subordinates that in which form they like to perform better. Similarly, another study by Pieterse (2011) examined the impact of leadership style on organizational commitment and job satisfaction.

The result showed that the transactional leadership style has a significant relationship with organizational commitment and job satisfaction. In the same way, Madanipour (2013) probed

the effect of attachment style on the relationship between leadership style and organizational commitment. The finding showed that the relationship between leadership style and organizational commitment is significant. On the contrary, Harms (2010) stressed that a transformational leadership style is more effective on organizational commitment than transactional leadership. Likewise, Chiun Lo, Ramayah, and Min (2009) highlighted that both styles of leadership, transformational, and transactional affect organizational commitment.

However, the transactional leadership style helps in some positions but less effective than a transformational leadership style.

H4: Transactional leadership style positive effects on organizational commitment.

### 2.10 Job Satisfaction and Organizational Commitment

There are numerous investigations that have studied the relationship between organizational commitment and job satisfaction (Fu, 2014). The predominant view is that job satisfaction is an antecedent to organizational commitment (Mahmoud, 2008). There is also some support for the reverse causal ordering, organizational commitment as an antecedent to job satisfaction (Huey, 2009). LaLopa (1997) effectively used the Organizational Commitment Questionnaire to evaluate 300 non-supervisory resort employees' levels of commitment. Further, LaLopa developed a "Resort Job Satisfaction" scale by adopting items from previous studies. The findings provide further evidence that job satisfaction is a significant predictor of organizational commitment. Many studies use different facets of satisfaction to predict employee attributes, such as performance, organizational commitment, and service quality (Asrar-ul-Haq, 2017).

It's a debatable issue whether job satisfaction is the predictor of organizational commitment or vice versa. Several researchers have made the case that job satisfaction is a predictor of organizational commitment (Chordiya, 2017). Andrew Hale Feinstein did a study on the relationships between job satisfaction and organizational loyalty of employees at two locations of a national restaurant chain in Southern Nevada. They also worked in revealing similar demographic characteristics these employees exhibit that affect their satisfaction level.

The research was conducted through a survey instrument consisting of demographic, jobsatisfaction, and organizational commitment questions adopted from the validated Minnesota Job Satisfaction and Organizational Commitment Questionnaires. The results of the study indicate satisfaction with policies; compensation, work conditions, and advancement have a significant relationship to organizational commitment. Slattery & Selvarajan (2005) examined the associations between job satisfaction, organizational commitment, and turnover intention among temporary employees.

The results, based on structural equation modeling, provide support for nearly all of the hypothesized associations in the model. They found positive associations between job satisfaction and organizational commitment.

H5: Job satisfaction has a positive relationship with Organizational Commitment



## **CHAPTER THREE. RESEARCH METHOD**

The previous chapter described the literature reviews. This chapter outlines the results and analysis of the study. Besides, this chapter shows research results from the questionnaire. I randomly chose 298 respondents who work in the private sector. The responses were captured to form a data set and used The Statistical Package for Social Science (SPSS) version 22.0 with appropriate tests. The results are shown in numbered Tables.

## **3.1 Sampling Methods**

The sampling process involves selecting a sufficient number of elements /cases/ individuals from the target population to make conclusions about the whole population, where the population is the total group of people, events or things of interest to the researcher (Sekaran, 2003). There are two types of sampling design, namely probability and non-probability sampling.

- Probability sampling means that every item in the population has an equal chance of being included in sample. One way to undertake random sampling would be if the researcher was to construct a sampling frame first and then used a random number generation computer program to pick a sample from the sampling frame (Zikmund, 2002).
- Non probability sampling is often associated with case study research design and qualitative research. With regards to the latter, case studies tend to focus on small samples and are intended to examine a real life phenomenon, not to make statistical inferences in relation to the wider population (Yin, 2003).

The researcher has limited time to gather data from respondents and it will take a much longer time to collect data from respondents using probability sampling. Therefore, nonprobability sampling was selected for this study to save time and costs. Non-probability sampling comprises three common techniques; convenience, judgment and quota sampling with the convenience technique most widely used, since it is the least time consuming and less expensive technique.

- **Quota sampling** is a non-random sampling technique in which participants are chosen on the basis of predetermined characteristics so that the total sample will have the same distribution of characteristics as the wider population (Davis, 2005).
- Snowball sampling is a non-random sampling method that uses a few cases to help encourage other cases to take part in the study, thereby increasing sample

size. This approach is most applicable in small populations that are difficult to access due to their closed nature, e.g. Secret societies and inaccessible professions (Breweton and Millward, 2001).

• **Convenience sampling** is selecting participants because they are often readily and easily available. Typically, convenience sampling tends to be a favored sampling technique among students as it is inexpensive and an easy option compared to other sampling techniques (Ackoff, 1953). Convenience sampling often helps to overcome many of the limitations associated with research. For example, using friends or family as part of the sample is easier than targeting unknown individuals.

The target population in this study is large with time limitation and expenses, convenience sampling is the most appropriate distribution technique for the questionnaire. According to the suggestion of Cavana et al. (2001) and Sekaran (2003), the appropriate sample size for most research is between 300 and 500.

#### **3.2 Sample Selection**

It is essential to have a group of people who will participate in the survey and be able to represent the whole target population. Determining the right kind and number of participants in a sample group, also known as sampling, is one of the necessary steps in conducting surveys. A population refers to the entire group that not limited to people, events, or things that share some standard set of characteristics the researcher wishes to study (Greener, 2010; Sekaran, 2013; Zikmund et al., 2010). In other words, it referred to as the complete set of data that as the sample is taken (Saundersetal, 2012). The idea of studying every element in the population is possible and known as census (Greener, 2010; Saunders et al., 2012; Zikmund et al., 2010).

However, to draw some conclusions out from the population is impractical due to high cost, time constraints, and sampling data are sufficient for decision making (Cham, 2012). In the interest of the research, the target population is defined and identified at the beginning of the study. In this research, the sampling frame is not available as the target population is targeted any residents staying and living in Mongolia, where it is unlikely possible to obtain the list of resident's names due to confidentiality. The sample is referred as a subset of the target population where the data collected from this subset is possible to generate findings to generalize the entire population (Greener, 2010; Saunders, Lewis, and Thorn hill, 2012; Sekaran, 2013; Zikmund et al., 2010).

As mentioned before, census study is extremely high cost and time constraint, sampling of the other way is faster and cheaper to conduct the survey. The accuracy of sampling lies in the factors of sample size such as bigger sample size to reduce error and the quality of the survey's methods (Saunders et al., 2012). According to this method, which belongs to the category of non-probability sampling techniques, sample members are selected on the basis of their knowledge, relationships and expertise regarding a research subject (Freedman et al., 2007). In the certain study, the sample members who were selected had job experience of the private sector.

## 3.3 Data Collection

For the purposes of this research, Social media online survey was used and the social media offer an opportunity to deliver the survey to characteristics including location, gender, marital status and age. Therefore, the survey was distributed to people with 23-60 age through social ads. Because Facebook users with over 23 years old are most convenient for the research and most of them has already working experience in the private sector. Additionally, I deleted primary data of some respondents who work in the private sector and haven't working experience from the data.

## 3.4 Method of Measuring the Questionnaire

The scale of the survey is regulated by the Likert five-point size. The scales are labeled with 1, 2, 3, 4, and 5 points to represent the values, which means very disagree, disagree, Ordinary, agree, and strongly agree with the five equal parts. Respondents are asked to answer the degree of agreement on each item on the questionnaire. The higher the score, the more they agree with the narrative. Closed-ended questions are questions where the respondent is asked to place themselves into one of a limited number of responses that are provided to them. Closed-ended items, when well designed, ensure that respondents interpret questions the same way.

#### **3.5 Questionnaire Design**

The questionnaire items were adapted based on numerous sources through literature reviews. The following table comprised the questions where it was measured on a 5-point Likert scales ranging from strongly disagree to strongly agree. The research survey was delivered by Social Media and questionnaire design consists of demographic questions (Age, Gender, Marital status, education level, job position, salary, working industry, working years), Leadership style, Job satisfaction and Organizational Commitment have 41 questions.

Section	Questionnaire measurement	Question number
1. Multi factor leadership questionnaire	Scale (1-5)	13
2. The Generic Job Satisfaction	Scale (1-5)	9
3. The Measurement of Organizational	Scale (1-5)	12
4. Demographic questionnaire	Nominal Scale	7

Table 3.1 Questionnaire

#### **3.5.1 Descriptive Statistics**

The descriptive analysis produces organizing and summarizing the quantitative data to easily understood data characteristics. According to Trochim (2006), descriptive statistics are summarized coefficients which represent of sampling population. For example, If we have an age of 100 respondents, the statistics express the age distribution by percentage. There are two types: Measures of variability, which include the meaning, median, mode, and measures of central tendency which includes kurtosis, skewness, maximum and minimum variables, variance and standard deviation. The statistics are efficient for two situations: First, to define general information about collecting data, Second, To determine the potential relationship of variables. The statistics are summarizing a method of a huge amount of numerical (quantitative) data. If we have a large amount of data, the simplest way to summarize is graphic, a bar chart representation which is expressed in the vertical axis (y) and horizontally axis (x).

#### 3.5.2 Demographic Information about Respondents Based on Descriptive Statistics

This section summarizes the demographic characteristics of the respondents, which include gender, age, education, income, and working experience. The total respondents were 309. But primary data from 11 respondents didn't meet the requirement, and it was removed from the data.

Table 3.2 illustrated the gender of respondents and 215 female people filled with this online questionnaire and covered 71.9 percent of the total respondents. Additionally, 83 of the total respondents or 28.1 percent are male, and the group is small compared to the female group.

Table 3.2 Gender of Respondents

Gender	Categories	Frequency	Percent
	Male	83	28.1
	Female	215	71.9
	Total	298	100

In figure 3.3, 64.4 percent of total respondents have 23-30 years old, and it is the highest age group than other age groups. Respondents who have 31-40 ages cover 17.1 percent of total participants in the survey. Additionally, 10.7 percent of the respondents relate with people who have 41-50 ages. There is one small group of age, which included above 51 years old (7.7%)

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Table 3.3 Age of Respondents

	Categories	Frequency	Percent
	23-30	192	64.4
<b>A</b> = -	31-40	51	17.1
Age	41-50	32	10.7
	Over 51	23	7.7
	Total	298	100

Source:author made

Figure 3.4 illustrates the educational level of respondents and most significant group or 88.6 percent of participants have Bachelor's degrees or graduate university. 7 % of respondents have a high school degree and the smallest group or 4.4 percent of them have a Doctor degree.

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Table 3.4 Education of Respondents

	Categories	Frequency	Percent
	High school	21	7
Education	Bachelor	236	79.2
Education	Master	28	9.4
	Doctor	13	4.4
	Total	298	100

The table below shows the working industry statistics of a participant. According to the information, 59.1 percent of total respondents work in Education (10.7%), Trading (28.2%), and Other (20.8). Lowest percent or 5.4% of respondents works in Banking.

Table 3.5: Working Industry of Respondents

	Categories	Frequency	Percent
	Education	32	10.7
	Service	28	9.4
	Mining	30	10.1
Working	Hospitality	24	8.1
industry	Tour	22	7.4
	Banking	16	5.4
	Trading	84	28.2
	Other	62	20.8
	Total	298	100

Source:author made

# **CHAPTER FOUR. DATA ANALYSIS**

#### 4.1 Factor Analysis

The analysis is a statistical technique that is used to define the variability between correlated, observed variables, and converts multiple items into few factors. For example, if we have seven variables, factor analysis will find variations among variables and create a few groups based on variations.

After that, researchers choose items or groups with the highest variation in observed variables. It is not the same as Regression Analysis and doesn't require dependent and predictor variables. The Factor analysis produces groups of variables based on the scaled ratio called factors. Factors are a delegation of original data.

There are two types of factors. First, Common factors express shared values among multiple observed variables. Unique factors express the unique value of a certain variable. In order to ensure all variables, will independent to enter multiple regression analysis all scaled items have undergone factor analysis.

Additionally, the Correlation matrix is used to define their correlations degree and the guarantee variables are highly correlated. The bartlett's test is used to check and reject the hypotheses and the variables can be interrelated in the sample.

The result of Bartlett's test has to be lower than 0.05. In case the value is higher than 0.5, the sampling adequacy is acceptable and significant. Varimax rotates the data to increase the loading of each variable in the extracted factor and decrease the loading on another factor. The highest eigenvalue express factor with the most variance and low or negative (<1.00) eigenvalues is removed from (Harrington, 2009). Factor analysis is possible in SPSS, StatViev, SYSTAT and SPSS 21 software is planned to do the analysis.

Kaiser-Meyer-Olkin (**KMO**) Test is a measure of how suited your data is for Factor Analysis. The test measures sampling adequacy for each variable in the model and for the complete model. The statistic is a measure of the proportion of variance among variables that might be a common variance.

KMO and Bartlett: KMO≥0. 9 very appropriate; 0.9≥KMO≥0.8 appropriate; 0.8≥KMO≥0.7 not bad; 0.6≥KMO≥0.5 not appropriate; KMO≥0. 5 very not appropriate. Factor analysis criteria: / Communality > 0.5 / Explained Variance (Accumulative) > 0.6 / Eigen Value > 1 / Difference Between Loading > 0.3/ Factor Loading > 0.6 / Item to Total Correlation > 0.5

According to table 4.1, KMO values of the Transformational Leadership Style and Transactional Leadership Style are higher than 0.8 (p<0.001), and it means the variables are appropriate for factor analysis. The factor of Transformational Leadership explains 60.457 percent of the variability in the original nine items and Transactional Leadership explains 71.276 percent. Also, all communality values of items are higher than 0.5, and it means that the extracted components represent the variables well.

I made factor analysis twice to delete the unnecessary items. According to results of the first factor analyze, TSF4, TSF8 and TSF9 items of Transformational Leadership had low communality, correlation and factor values. Thus, I deleted the three items from the data and the action increased Eigenvalue and Cumulative percentage.

	3	Factor		$( / \mathbb{N})$		KMO and	
Construct	Item	loading	Communality	Eigenvalue	Cumulative	Bartlett's Test	
	- 11	loading		IGIO		Adequacy	Sig.
	TSF1	.838	.539	EU		.826	
Transformational	TSF2	.818	.702		60.457		.000
Leadership	TSF3	.750	.563	3.023			
Leadership	TSF6	.741	.669	93//			
	TSF7	.734	.549	1			
	TSC1	.857	.735				
Transactional	TSC2	.864	.746	2.851	71.276	.804	.000
Leadership	TSC3	.791	.625	2.031	/1.2/0	.004	.000
	TSC4	.863	.744				

Table 4.1: Result of Transformational and Transactional leadership (Factor Analysis)

Source:author made

According to table 4.2, the KMO value of Job satisfaction is higher than 0.8 (p<0.001), and it means the variables are appropriate for factor analysis. The factor of Job satisfaction explains 57.213 percent of the variability and communalities of most items are higher than 0.5, and it means that the extracted components represent the variables well.

						KMO and	d Bartlett's
Construct	Ite	Factor	Communalit	Eigenvalu	Cumulativ	Т	est
Construct	m	loadin	У	e	e	Adequac	
		g				У	Sig.
	JS1	.831	.337				
	JS2	.814	.624				
	JS3	.801	.641				
Job	JS4	.790	.488				
satisfactio	JS5	.777	.549	5.149	57.213	.885	.000
n	JS6	.744	.553				
	JS7	.741	.662				
	JS8	.698	.691	$\cdot \cap$			
	JS9	.581	.604	2	$\langle \rangle$		

Table 4.2: Result of Job Satisfaction (Factor Analysis)

According to table 4.3, the KMO value of Organizational Commitment is higher than 0.8 (p<0.001), and it means the variables are appropriate for factor analysis. The factor of Job satisfaction explains 60.387 percent of the variability and communalities of most items are higher than 0.5, and it means that the extracted components represent the variables well.

The second second



						KMO and	Bartlett's
Construct	Item	Factor Communali	Eigenval	Cumulati	Test		
		loadin g	ty	ue	ve	Adequac y	Sig.
	OC1	.866	.736				
	OC2	.858	.714				
	OC3	.845	.519		60.387	.933	
	OC4	.818	.612	7.246			
	OC5	.808	.573				
Organizatio	OC6	.803	.645				.000
nal	OC7	.801	.641				
Commitmen	OC8	.783	.670				
	OC9	.757	.653	-()			
t	OC1 0	.720	.751	Ni	aga)		
	OC1 1	.653	.306	N.			
	OC1 2	.554	.426	国後	S)/		

Table 4.3: Result of Organizational Commitment (Factor Analysis)

### 4.2 Reliability Analysis

The analysis is used in many different areas, especially in social science. In the statistics, Reliability statistics define the overall internal consistency of data. In other words, reliability is the degree to which an assessment tool produces stable and consistent results. The reliability result is expressed by Cronbach's value, which locates between 0 and 1. If the Cronbach's is near to 1, it means the data has high internal consistency. Most of the researchers approve that Cronbach's alpha needs to be higher than 0.6. If the value will match with the requirement, collected data is comfortable on analysis, such as correlation, regression. Table 4.4 illustrates reliability result of Transformational Leadership, Transactional Leadership, Job Satisfaction and Organizational Commitment by summarized form.

From reliability result, Each variable has high internal consistency, or All of Cronbach's alphas are higher than 0.6. Transformational Leadership with five items was 0.835, Transactional Leadership with four elements was 0.865, Job satisfaction variable with nine questionnaire items was 0.905, and Organizational Commitment (0.939) with twelve questions. Generally, all questionnaire items have not any issues, and it means that respondents very well filled the questionnaires.



	Item	Corrected Item-	Cronbach's Alpha if	Cronbach's
		Total Correlation	Item Deleted	Alpha
	TSF1	.590	.815	
Tuesdational	TSF2	.722	.776	
Transformational	TSF3	.600	.811	0.835
Leadership	TSF6	.688	.787	
	TSF7	.592	.815	
	TSC1	.729	.816	
Transactional	TSC2	.738	.813	0.865
Leadership	TSC3	.641	.856	0.805
	TSC4	.743	.813	
	JS1	.495	.907	
	JS2	.723	.891	
	JS3	.733	.891	
	JS4	.612	.900	
Job satisfaction	JS5	.660	.897	0.905
	JS6	.665	.896	
	JS7	.755	.889	
	JS8	.776	.888	
	JS9	.710	.893	
	OC1	.814	.927	
	OC2	.798	.928	
	OC3	.656	.933	
	OC4	.728	.930	
	OC5	.693	.932	
Organizational	OC6	.765	.929	0.020
Commitment	OC7	.749	.929	0.939
	OC8	.774	.928	
	OC9	.770	.928	
	OC10	.837	.926	
	OC11	.503	.940	
	OC12	.596	.935	

Table 4.4 Item-Total Statistics

#### 4.3 Correlation Analysis

In statistics, the analysis measures relationship power among two continuous variables and the direction of the relationship. The correlation result is expressed by r-value, where locate between -1 and +1. For example, in the case of the correlation value equals 0.9, it means that variables have a strong positive relationship. Otherwise, r=-0.2 shows a weak negative link. In the previous literature reviews, if the Pearson r coefficient denotes between +0.3 and +0.39, the association of variables is the positive moderator. Also, in the case of r-value is higher than 0.4, it shows that the link is a definite positive. The result in Table 4.5 confirms that all relationships among Transformational Leadership Style, Transactional Leadership Style, Job Satisfaction, and Organizational Commitment are positive.

TSF	TSC	JS
.614**		
.503**	.404**	
.510**	.416**	.880**
	.614** .503** 510**	.614** .503** .404**

Table 4.5 Correlations

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

Source:author made

### 4.4 Regression Analysis

The analysis is an extended form of regular linear regression analysis, and it is the most popular used in the research. The primary purpose of multiple regression is to more investigate relationships of continuous or categorical independent variables and dependent variables. Before making regression analysis, Data sampling must have a normal distribution. It gives detailed information on how much dependent variables change when independent variables are changed.

In addition, The regression enables to define the overall fit of the model, and it determines the contribution level of each independent variable in the model. In other words, Multiple regression analysis is used in the three cases. First: to identify the power of relationship (between independent and dependent), Second: To forecast influences or impacts of changes., Third: To predict future values and trends. When choosing the model for the analysis, the model fit is an essential understanding.

In the case of adding independent elements in the regression model, the amount of explaining variance (R-squared) often grows in the dependent variables. R-squared expresses the result of multiple regression. It is a statistical measurement of how near the data variables are the fitted regression line. Also, R-squared is the percentage of the response variable variation which is expressed by a linear model and always exists between 0 and 100 percent. 0 percent means the model explains nothing about the variability.

Otherwise, a 100 percent means model perfect explain the variability. The multiple regression fits a line through a multi-dimensional space of data points. The below figure shows distributions of variables with different R-squared.

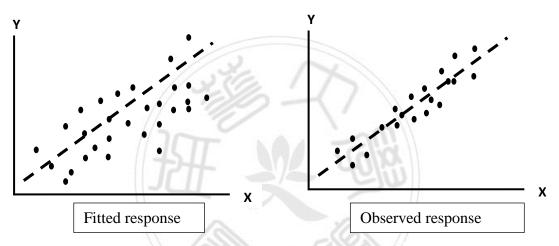


Figure 3.1 Graphical Representation of R-squared (Resource: Fox, J. (1997). Applied regression analysis, linear models, and related methods)

The left graphic expresses 38 percent of the variance and the right graphic expresses 87.4 percent of the variance. If it has 100 percent of the variance, all fitted points are located along the regression line, but it is not possible to real data.

**H1 and H2:** From the results of Table 4.6 and 4.7, the Adjusted R square is 0.263, and it shows that the regression model explained 26.2 percent of the variance in the data. 73.7% of the total variation in the dependent variable will be affected by unknown factors or another variable.

Also, Transformational Leadership has a significant and positive relationship with Job satisfaction ( $\beta$ =0.409, t=6.473, p<0.01). It means Transformational leadership fit increase Job satisfaction via 0.409. Also, Transactional leadership has a significant and a weak positive relationship with Job satisfaction ( $\beta$ =0.154, t=2.435, p<0.05).

Model	R	R Square	Adjusted R	Std. Error of			
		K Square	Square	the Estimate			
1	.517a	0.268	0.263	0.9346			
a Predictors: (Constant), TSC, TSF							

Table 4.6 Model summary of Regression (TSF->JS, TSC->JS)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		В	Std. Error	Beta		
	(Constant)	1.651	.412	G .	4.010	.000
1	TSF	.480	.074	.409	6.473	.000
	TSC	.188	.077	.154	2.435	.015

Table 4.7 Regression Coefficients (TSF->JS, TSC->JS)

a. Dependent Variable: JS

Source:author made

**H3 and H4:** From the results of Table 4.8 and 4.9, the Adjusted R square is 0.272, and it shows that the regression model explained 27.2 percent of the variance in the data. 72.8% of the total variation in the dependent variable will be affected by unknown factors or another variable. Also, Transformational Leadership has a significant and positive relationship with Organizational Commitment ( $\beta$ =0.512, t=6.509, p<0.01). It means Transactional leadership fit increases Organizational Commitment via 0.512.

Unfortunately, Transactional leadership has an insignificant relationship with Job satisfaction (p>0.05). Also, Transactional leadership has a significant and positive relationship with Organizational Commitment ( $\beta$ =0.296, t=2.633, p<0.05).

Table 4.8 Model Summary of Regression (TSF->OC, TSC->OC)

Model	D	R Square	P P Squara Adjusted F		Std. Error of	
WIGGET	К		Square	the Estimate		
1	.526ª	.277	.272	1.0381		

a. Predictors: (Constant), TSC, TSF

Source:author made

Table 4.9 Regression Coefficients (TSF->OC, TSC->OC)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta		Sig.	
	(Constant)	.800	.457		1.750	.013	
1	TSF	.536	.082	.512	6.509	.000	
	TSC	.226	.086	.296	2.633	.009	

a. Dependent Variable: OC

Source:author made

H5: From the results of Table 4.10 and 4.11, the Adjusted R square is 0.774, and it shows that the regression model explained 77.4 percent of the variance in the data. 22.6% of the total variation in the dependent variable will be affected by unknown factors or another variable. Also, Job satisfaction has a significant and positive relationship with Organizational Commitment ( $\beta$ =0.88, t=1.927, p<0.01). It means Job satisfaction increases Organizational Commitment via 0.88.

Table 4.10 Model summary of Regression (JS->OC)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.880 <sup>a</sup>	.775	.774	.5781

a. Predictors: (Constant), JS

Source:author made

Model		Unstandardized Coefficients		Standardized		
				Coefficients	t	Sig.
		В	Std. Error	Beta		
1	(Constant)	.181	.181	.880	1.004	.000
1	JS	.984	.031	.000	1.927	.000

Table 4.11 Regression Coefficients (JS->OC)

a. Dependent Variable: OC

Source:author made



# **CHAPTER FIVE. CONCLUSION**

Leadership is the art of motivating a group of people to act toward achieving a common goal. Past researchers investigated the leadership importance in the case of many companies, and the final conclusion was produced that leadership style in the manager's significant effects on company success. Leadership style, Organizational Commitment and Job satisfaction are both fundamental factors in the efficiency and effectiveness of companies. Many researchers defined that well led directly and indirectly increases motivation and commitment of employees and the situation helps the company to achieve the goal (Falton, 2018).

The two prominent leadership styles are discussed in past studies. Since 1990 transactional and transformational leadership manners introduced by Somech (2008). Transformational leadership is defined by leaders who can elevate and broaden the enthusiasm of their employees, improve knowledge and expertise as well as empower them to transcend their interests for the development of the company (Yarker, 2008).

Transactional style is identified by "take and give" type of relationship with the work environment, and the exchange model is the main form of interaction among subordinate and manager. The exchange items are monetary rewards and penalties for accomplishing job tasks (Burns, 2010). Leadership styles vary between industries and organizations (Zahari & Shurbagi, 2012). Prior studies indicate that job satisfaction significantly depends on the leadership style (Carleton, 2018). Korek (2010) discovered that transformational leaders who encourage their followers to think critically and creatively have an influence on their followers' commitment. Similarly, another study by Pieterse (2011) examined the impact of leadership style on organizational commitment and job satisfaction.

The result showed that the transactional leadership style has a significant relationship with organizational commitment and job satisfaction. Workers are most difficult capital for controlling to specific goals and their productivity depends on emotional status related to working conditions including salary, leader's behavior, supervisor support, organizational culture and norm, etc. Recent years, employee more prefer sociological needs such as communication atmosphere among employee and leader's attitude related to employee and they became more like to be enjoying in the work place. Our society can provide basic or physiological, safety needs of human depending on the sharply growth of the economy.

Also, The people more educated ever before and the situation creates a lot of chances to change or enter a new company at any time. The examples approve that leader's management strategy or style is the core factor to improve job satisfaction, organizational commitment of employees.

The commitment is identified by the worker's feeling of faithfulness and affection about the organization that is employing them. Also, It can be defined by the intentions and attitudes of the employee (Aaron and Cohen, 2003). Job satisfaction can also be defined as the extent to which a worker is content with the rewards he or she gets out of his or her job, particularly in terms of intrinsic motivation (Statt, 2004).

Additionally, Previous studies have shown that job satisfaction was directly related to organizational commitment and that it had a positive effect on organizational commitment (Yang & Chang, 2008). Therefore, the current study focused to investigate relationships among Transformational Leadership Style, Transactional Leadership Style, Organizational Commitment and Job satisfaction in case of employees who work in the Mongolian private sector and to make a comparison between study results and literature reviews.

The primary data was collected from 298 respondents who work in private companies in Mongolia by Social Media. In the survey, The number of respondents has weighed 83 males and 215 female who is presented 28.1% for males and 71.9% for females. 192 respondents (64.4%) were 20-30 years old. 51 respondents were (17.1%) 31-40 years old, 32 respondents (10.7%) 41-50 years old, other 23 (7.7%) respondents were above 51 years old. According to educational characteristics, 79.8 percent of respondents have a bachelor's degree, and 9.4 percent or 28 have master's degrees. Doctor and high school degrees cover 11.7% percent of total respondents. 59.1 percent of total respondents work in Education (10.7%), Trading (28.2%), and other occupation (20.8%). Lowest percent or 5.4% of respondents works in Banking.

This study was guided by the following vital research objectives such as defining relationships between Transformational Leadership style, Transactional Leadership style, Job satisfaction and Organizational commitment as well as identifying which leadership style more comfortable for employees who work in the Mongolian private sector. Factor analysis, Reliability, Correlation, Regression analyses was used to approve proposed hypotheses.

The analyze removed four items of Transformational Leadership Style based on factor loading, communality, and eigenvalues. After that, Cumulative percent of all variables were higher than 55 percent as well as most communality, factor loading values of the items is higher than 0.6. Also, the KMO values are higher than 0.8 and significant. It means that items were successfully deducted by factor analysis.

From reliability result, Each variable has high internal consistency, or All of Cronbach's alphas are higher than 0.6. Transformational Leadership with five items was 0.835, Transactional Leadership with four elements was 0.865, Job satisfaction variable with nine questionnaire items was 0.905, and Organizational Commitment (0.939) with twelve questions. Generally, all questionnaire items have not any issues, and it means that respondents very well filled the questionnaires.

Final or regression analyses output following results:

- Transformational leadership has a positive relationship with Job satisfaction (β=0.409, t=6.473, p<0.01),</li>
- Transactional leadership has a positive relationship with Job satisfaction ( $\beta$ =0.154, t=2.435, p<0.05),
- Transformational leadership has a positive relationship with Organizational Commitment (β=0.512, t=6.509, p<0.01),</li>
- Transactional leadership has a positive relationship with Organizational Commitment (β=0.296, t=2.633, p<0.05),</li>
- Job satisfaction has a positive relationship with Organizational Commitment (β=0.88, t=1.927, p<0.01).</li>

According to a result of data analyzing, our proposed hypotheses were approved that all variables have positive relationships with each other. From the result, Mongolian employees who work in the private sector more prefer the Transformational Leadership Style compared to Transactional Leadership Style. Therefore, the study suggests that Mongolian companies need to create positive communication and atmosphere between workers and managers to increase employee job satisfaction and organizational commitment.

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# **APPENDIX A. QUESTIONNAIRE DESIGN**

According to the purpose and structure of this study, the questionnaire of this study consists of four parts.

Section	Questionnaire	Question
Section	measurement	number
1. Multi factor leadership questionnaire	Closed-ended question	13
2. The Generic Job Satisfaction	Scale (1-5)	9
3. The Measurement of Organizational	Closed-ended question	12

The fourth part is the demographic data of the respondents, mainly to understand the personal background of the subjects, including gender, age, occupation, education, income, and so on.

- 1. What is your gender? A. Female b. Male
- 2. Your age: a. 20-24 b. 25-29 c. 30-34 d. 35-39 c. 40-44 e.45 >
- 3. Marital Status: Married /Unmarried
- 4. How much your monthly income?
- a. 300\$ b. 300\$-500\$ c. 500\$-700\$ d. 700\$-900\$ e. 900\$-1100\$ f. 1100\$>
  - 5. What is your education?
    - a. High School b. Bachelor c. Master d. Doctor
  - 6. Please select your job position
- a. Normal worker, b. Manager c. CEO
  - 7. How long are you working?
- a. <1year b. / 1-3 years c./ 3-5 years d. / 5 -8 years / e. 8 years >

# Section 1. Multi Factor Leadership Questionnaire

(Bass and Avolio's, 1991)

Transformational leadership
1. Instills pride in me
2. Spends time teaching and coaching
3. Considers moral and ethical consequences
4. Views me as having different needs, abilities, and aspirations
5. Listens to my concerns
6. Encourages me to perform
7. Increases my motivation
8. Encourages me to think more creatively
9. Sets challenging standards
Transactional Leadership
10. Will take action before problems are chronic
11. Tells us standards to carry out the work
12. Works out agreements with me
13. Monitors my performance and keeps track of mistake

# Section 2. The Generic Job Satisfaction Scale

(Scott Macdonald and Peter MacIntyre, 1997)

- 1. I get along with supervisors
- 2. All my talents and skills are used
- 3.I feel good about my job
- 4.I receive recognition for a job well done
- 5.I feel good about working at this company
- 6.1 feel close to the people at work
- 7.I believe management is concerned about me
- 8.On the whole, I believe work is good for my physical health
- 9.My wages are good

## Section 3. The Measurement of Organizational Commitment (Mowday,

Porter,1979)

1. I am willing to put in a great deal of effort beyond that normally expected in order to

help this organization be successful.

2. I talk up this organization to my friends as a great organization to work for.

3. I feel very little loyalty to this organization.

4. I would accept almost any type of job assignment in order to keep working for this organization.

5. This organization really inspires the very best in me in the way of job performance.

6. It would take very little change in my present circumstances to cause me to leave this organization.

7. I am extremely glad that I chose this organization to work for over others I was considering at the time I joined.

8. There's not too much to be gained by sticking with his organization indefinitely.

9. Often, I find it difficult to agree with this organization's policies on important matters relating to its employees.

10. I really care about the fate of this organization.

11. For me this is the best of all possible organizations for which to work.

12. Deciding to work for this organization was a definite mistake on my part.