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LEADERSHIP STYLES AND EMPLOYEE JOB SATISFACTION IN THE HEALTHCARE SECTOR: A STUDY OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP AMONG PRIVATE HOSPITAL STAFF IN KUALA LUMPUR

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Abstract:

This study investigates the relationship between transformational and transactional leadership styles and employee job satisfaction within a Malaysian private healthcare setting. A quantitative correlational design was employed, using primary data from 317 clinical and non-clinical staff at a private hospital in Kuala Lumpur. Validated instruments included the Multifactor Leadership Questionnaire (MLQ) and the Minnesota Satisfaction Questionnaire (MSQ). Data were analysed using SPSS for descriptive statistics, reliability analysis, Pearson's correlation, and multiple regression. The findings revealed a significant positive relationship between transformational leadership and job satisfaction ($r = 0.557$, $p < 0.01$), with transformational leadership emerging as a strong predictor ($\beta = 0.476$, $p < 0.001$). Transactional leadership also demonstrated a positive correlation with job satisfaction ($r = 0.479$, $p < 0.01$) but was not a significant predictor when both leadership styles were considered simultaneously ($p = 0.179$). The model explained 31.5% of the variance in job satisfaction ($R^2 = 0.315$, $F = 72.079$, $p < 0.001$). These results align with recent research suggesting that while transactional behaviours provide structure and clarity, transformational behaviours inspire greater emotional commitment and long-term satisfaction. The study contributes to

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leadership literature by providing empirical evidence from the Malaysian private healthcare sector, underscoring the importance of transformational leadership in enhancing job satisfaction.

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Keyword:

Transformational Leadership; Transactional Leadership; Job Satisfaction; Private Hospital

Introduction

Employee job satisfaction remains one of the most studied yet persistently unresolved challenges in organisational behaviour. When employees feel valued, supported, and aligned with their organisation's goals, they perform better, stay longer, and contribute more meaningfully to collective outcomes (Tsaqif, H.M. & Abdullah, N.A.B. 2025; Spector, 2022). Conversely, when satisfaction erodes, organisations face the familiar consequences: absenteeism climbs, turnover accelerates, and productivity falters (Robbins & Judge, 2021). Nowhere are these stakes higher than in healthcare, where employee well-being directly shapes patient safety, continuity of care, and clinical outcomes (Al-Husban et al., 2025; Lin et al., 2023).

Malaysia's healthcare system is currently grappling with a workforce crisis that makes this topic urgent rather than academic. In early 2026, only 529 of 5,000 available housemanship training slots were filled, leaving thousands of positions unfilled (Ministry of Health Malaysia, 2026). The national nursing shortage stands at approximately 9,000, with many experienced nurses considering early retirement rather than continuing under current working conditions (The Malaysian Insight, 2025). Among cardiothoracic surgeons, one of the most highly trained specialist groups, just thirteen remain in government service (Malaysian Medical Association, 2026). These numbers reflect not a sudden collapse but a gradual erosion of morale, driven in part by how healthcare professionals are led and managed. Critically, the persistence of these shortages, despite various government incentives, suggests that conventional retention strategies are failing to address the underlying psychosocial drivers of turnover, a failure that is intrinsically linked to the quality of daily leadership (Zainal & Ismail, 2025).

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Leadership, after all, is not merely about setting targets or signing off on leave requests. It shapes the emotional climate of a workplace, influences how employees interpret their daily struggles, and determines whether people feel like valued contributors or replaceable cogs (Durman, T. Y et. al, 2026; Northouse, 2022). Two leadership styles have dominated the conversation in organisational research: transformational and transactional leadership. Transformational leadership, as conceptualised by Bass and Avolio (1994), emphasises idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration. Leaders who practice this style do not simply manage tasks they articulate visions, challenge assumptions, and demonstrate genuine concern for their followers' development (Nurtjahja et. Al., 2025; Bass & Riggio, 2006). Transactional leadership, by contrast, operates through contingent rewards and management-by-exception, prioritising clarity, structure, and the consistent application of rewards and consequences (Bass & Avolio, 1994). Both styles have their place, but their relative effectiveness in driving job satisfaction remains contested, particularly outside Western settings (Aaronson et al., 2024).

The ideal scenario in any healthcare organisation is straightforward enough. Employees report to supervisors who communicate clearly, recognise effort, provide constructive feedback, and create conditions where people can grow professionally (Choi et al., 2024). When this ideal holds, retention improves, patient outcomes stabilise, and the organisation avoids the costly churn of continuous recruitment (Lee et al., 2023). Yet Malaysia's current reality falls dramatically short of this picture. Public hospital staff describe toxic work cultures, bullying complaints that go unaddressed, and leadership responses that exacerbate rather than alleviate burnout (The Malaysian Insight, 2025). At Sibu Hospital, management responded to a critical shortage of anaesthesiology and ICU staff by increasing working hours while limiting leave and restricting training opportunities a decision publicly condemned as "indifference in leadership" (MCA Deputy President, 2025, as cited in The Star, 2025). The Waktu Bekerja Berlainan (WBB) policy, intended to address staffing issues, was imposed without meaningful consultation, described by the Malaysian Medical Association (2025) as a "fait accompli" rather than genuine stakeholder engagement. These are not isolated incidents. They reflect a pattern where leadership, instead of mitigating workplace stress, actively amplifies it. This pattern highlights a critical disconnect from administrators default to transactional, top-down directives, while the workforce appears to crave inspirational support and psychological safety, suggesting a fundamental misalignment that has not been systematically investigated in the local context (Ali & Rahman, 2025).

Previous studies have attempted to untangle the relationship between leadership and job satisfaction in healthcare. Christodoulou-Fella et al. (2025) found that both transformational and transactional leadership significantly predicted satisfaction among Greek healthcare workers, with transformational leadership showing stronger effects ($\beta = 0.42$, $p < 0.01$). Papathanasiou et al. (2025) reported similar findings across multiple European hospitals, noting that contingent reward a transactional dimension correlated positively with satisfaction but less strongly than inspirational motivation ($r = 0.48$ vs. $r = 0.61$). Lin et al. (2023), in a systematic review of 47 studies, concluded that transformational leadership consistently improves healthcare workers' job satisfaction, particularly when employees face high emotional demands. In the Malaysian context, Afzan and Aziz (2020) demonstrated that transformational leadership positively influences nurse innovative behaviour ($r = 0.53$, $p < 0.01$), while Othman and Khrais (2022) found significant correlations between

transformational leadership, job satisfaction (r = 0.59), and organisational commitment among Jordanian nurses a neighbouring context with some cultural parallels to Malaysia.

Yet these studies, for all their rigour, leave critical questions unanswered. Most have examined transformational and transactional leadership separately, making it difficult to compare their relative influence when both styles are present in the same organisational setting (Aaronson et al., 2024). Real leaders are rarely pure types. A hospital manager might inspire her team during morning rounds (transformational) and then apply consistent disciplinary procedures in the afternoon (transactional). Understanding which style carries more weight requires putting them in the same analytical model and letting the data decide (Zhu et al., 2025). Furthermore, the vast majority of this research originates from Western or Middle Eastern healthcare systems (Notarnicola et al., 2024). Malaysia's organisational culture hierarchical, collectivist, and still navigating the tension between traditional deference to authority and rising expectations for participatory management (Hassan et al., 2020) may moderate these relationships in ways that existing studies cannot capture. Generalising findings from Europe or Jordan to Malaysia is not merely imprecise. It risks steering managers toward interventions that may not work in their specific context (Lee et al., 2023). This practice of examining leadership styles in isolation is not merely an academic oversight; it introduces a substantial risk of model misspecification. When transformational and transactional behaviours are analysed separately, their shared covariance is ignored, potentially inflating the apparent effect of one while masking the unique, incremental contribution of the other (Kumar & Singh, 2024).

This knowledge gap matters because the consequences of getting it wrong are substantial. If hospital administrators invest heavily in transformational leadership training when transactional clarity would suffice, they waste resources (Choi et al., 2024). If they rely on contingent rewards and performance monitoring when employees actually need inspiration and emotional support, they deepen dissatisfaction (Zhu et al., 2025). The highly publicized backlash against the WBB policy serves as a real-world manifestation of this exact dilemma—where a transactional, compliance-driven mandate was imposed on a workforce experiencing profound emotional exhaustion, leading to widespread rejection and accelerated resignations (Zainal & Ismail, 2025). This juxtaposition reveals that the core problem is not merely a lack of policy, but a fundamental misalignment between the chosen leadership approach and the felt needs of healthcare workers. The Full Range Leadership Model (Bass & Avolio, 1994) provides the theoretical scaffolding for this inquiry, positioning transformational and transactional leadership as complementary rather than oppositional. However, the model does not specify which style exerts stronger influence on satisfaction when both are operating simultaneously (Aaronson et al., 2024). Moreover, the timing of this investigation is critically important. The severe understaffing reported in early 2026 represents a breaking point, where traditional retention strategies based on transactional incentives (e.g., overtime pay, bonuses) have demonstrably failed to stem the exodus (Ministry of Health Malaysia, 2026). This suggests a paradigm shift is required, moving beyond monetary fixes toward addressing the psychosocial deficits that only transformational leadership might effectively remedy. However, without head-to-head empirical evidence comparing both styles within the same Malaysian healthcare cohort, organizational development practitioners are forced to rely on untested, imported assumptions. That is an empirical question, and it is the question this study sets out to answer.

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To address this gap, the present study focuses on a single healthcare institution in Kuala Lumpur to control for contextual variation while capturing the experiences of both clinical and non-clinical staff. The study pursues three specific objectives:

1. To assess the effect of transformational leadership on employee job satisfaction
2. To determine the impact of transactional leadership on employee job satisfaction
3. To identify which leadership style more significantly predicts employee job satisfaction

Literature Review

Underlying Theories

Understanding the relationship between leadership styles and employee job satisfaction requires a strong theoretical grounding. Two theoretical lenses are particularly relevant for examining how transformational and transactional leadership influence satisfaction in healthcare settings: Full Range Leadership Theory (FRLT) and Social Exchange Theory (SET). FRLT provides the conceptual distinction between the two leadership styles under investigation, while SET explains the reciprocal mechanism through which leader behaviours translate into employee attitudes. Together, these theories offer a comprehensive framework for hypothesising and interpreting the relationships between transformational leadership, transactional leadership, and employee job satisfaction.

Full Range Leadership Theory (FRLT)

Full Range Leadership Theory, developed by Bass (1985) and subsequently refined with Avolio (Bass & Avolio, 1994), remains one of the most extensively validated frameworks for understanding leadership effectiveness across organisational contexts. Unlike earlier theories that treated leadership as a single continuum from autocratic to democratic, FRLT conceptualises leadership behaviours along a multidimensional spectrum ranging from laissez-faire (least active) through transactional to transformational (most active and engaging) (Bass & Riggio, 2006). This spectrum is not hierarchical in the sense that higher is always better; rather, the theory posits that effective leaders draw upon a combination of styles depending on situational demands, with transformational behaviours building upon a foundation of transactional practices (Avolio, 2011).

Transformational leadership, at the active end of the spectrum, comprises four interrelated dimensions. Idealised influence refers to leaders who act as role models, demonstrating high ethical standards and earning respect and trust from followers. Inspirational motivation involves articulating a compelling vision and communicating high expectations in ways that inspire commitment to collective goals. Intellectual stimulation encourages followers to question assumptions, reframe problems, and approach tasks creatively. Individualised consideration reflects the leader's attention to each follower's unique needs for achievement and growth, acting as mentor or coach (Bass & Avolio, 1994). Leaders who exhibit these behaviours do not merely manage transactions; they transform followers' self-interests into commitment to the organisation's mission, thereby eliciting effort that exceeds baseline expectations (Bass & Riggio, 2006).

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Transactional leadership, positioned in the middle of the FRLT spectrum, operates through exchange-based relationships. Its primary dimension, contingent reward, involves clarifying expectations and providing material or psychological rewards when followers meet agreed-upon objectives. Management-by-exception, the second dimension, can be active (monitoring deviations from standards and taking corrective action proactively) or passive (intervening only when problems become serious). While transactional leadership lacks the inspirational qualities of transformational leadership, it provides essential structure, clarity, and accountability particularly valuable in highly regulated environments such as healthcare (Bass & Avolio, 1994). The theory does not position transformational leadership as universally superior; rather, it acknowledges that transactional behaviours are necessary for maintaining routine operations and ensuring compliance with protocols (Avolio, 2011).

Empirical research has consistently validated FRLT's predictions regarding employee outcomes. Meta-analytic evidence confirms that transformational leadership correlates more strongly with job satisfaction ($\rho = 0.54$) than does transactional leadership ($\rho = 0.39$), although both show significant positive relationships (Judge & Piccolo, 2004). In healthcare specifically, transformational leadership has been shown to reduce emotional exhaustion, increase psychological empowerment, and enhance job satisfaction among nurses and physicians (Lin et al., 2023; Notarnicola et al., 2024). Transactional leadership, particularly contingent reward, also contributes positively to satisfaction, especially in contexts where role clarity and procedural fairness are highly valued (Papathanasiou et al., 2025). FRLT thus provides the primary framework for this study, justifying the inclusion of both leadership styles as independent variables and positioning job satisfaction as the key attitudinal outcome influenced by leader behaviours. However, FRLT was predominantly developed and validated in Western, individualistic organisational contexts. Its applicability to hierarchical, collectivist, and high-power-distance cultures such as Malaysia's has been less systematically examined (Aaronson et al., 2024; Hassan et al., 2020). In such contexts, transformational leadership may manifest differently, and transactional behaviours particularly contingent reward may carry greater weight than in Western settings due to culturally embedded expectations of clear hierarchical authority and structured exchanges (Singh et al., 2025). This cultural contingency represents a critical theoretical gap that this study addresses by testing FRLT's predictions in the Malaysian healthcare context.

Social Exchange Theory (SET)

Social Exchange Theory offers a complementary lens for understanding why leadership behaviours produce variations in employee job satisfaction. Originating from the work of Blau (1964) and subsequently elaborated by Cropanzano and Mitchell (2005), SET conceptualises workplace relationships as ongoing exchanges governed by the norm of reciprocity. Unlike economic exchanges, which are specified and contractually bounded, social exchanges involve diffuse obligations one party provides a benefit without precise negotiation of what will be returned, trusting that the other party will reciprocate appropriately over time (Cropanzano et al., 2017). When applied to leader-follower relationships, SET suggests that employees evaluate the quality of their exchanges with leaders and adjust their attitudes and behaviours accordingly.

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The norm of reciprocity operates through a simple but powerful mechanism. When leaders provide resources valued by employees such as support, recognition, autonomy, fair treatment, or developmental opportunities employees feel an obligation to reciprocate. This reciprocity can take various forms: increased loyalty, higher commitment, discretionary effort, and perhaps most relevant to this study, elevated job satisfaction (Cropanzano & Mitchell, 2005). Satisfaction, from a SET perspective, is not merely a private emotional state but a reciprocal response to perceived leader investment. Conversely, when leaders are perceived as unsupportive, unfair, or disengaged, employees experience negative reciprocity withdrawing effort, reducing commitment, and reporting lower satisfaction (Cropanzano et al., 2017).

Transformational and transactional leadership activate different forms of social exchange. Transformational leaders provide what SET terms "high-quality exchanges" characterised by trust, loyalty, and mutual investment. A leader who demonstrates individualised consideration taking genuine interest in an employee's development signals that the relationship extends beyond formal contractual obligations. The employee reciprocates not only with compliance but with identification, enthusiasm, and deep satisfaction (Lee et al., 2023). Transactional leadership, particularly contingent reward, establishes what SET would classify as a more economic exchange. The leader provides rewards contingent on performance; the employee provides effort contingent on rewards. This exchange can certainly generate satisfaction employees appreciate clarity and fair compensation for their efforts, but the resulting satisfaction tends to be more calculative and less enduring than that produced by transformational exchanges (Choi et al., 2024).

Recent healthcare research supports SET's explanatory power. Zhu et al. (2025) found that Chinese hospital employees who perceived their leaders as supportive and fair reported significantly higher job satisfaction, with perceived organisational support mediating this relationship a finding directly predicted by SET. Similarly, Al-Husban et al. (2025) demonstrated that Jordanian nurses' perceptions of leader investment in their well-being predicted satisfaction through reciprocal commitment. In the Malaysian context, where organisational relationships are often characterised by hierarchical norms, SET helps explain why employees may respond differently to transformational versus transactional leaders the former offering the kind of personalised, respectful exchange that resonates strongly in collectivist cultures (Hassan et al., 2020). Importantly, SET also provides a theoretical explanation for the recent workforce crisis in Malaysian public healthcare. The highly publicised unilateral imposition of policies such as the "*Waktu Bekerja Berlainan*" (WBB) without genuine stakeholder consultation represents a violation of the reciprocity norm leaders demanding increased commitment without providing corresponding support or recognition (Zainal & Ismail, 2025). From a SET perspective, such perceived violations trigger negative reciprocity: employees reduce effort, withdraw commitment, and report lower satisfaction, ultimately leading to the resignations and vacancy crises currently plaguing the system (Goh & Tan, 2025). This study thus applies SET not merely as an explanatory framework but as a diagnostic lens for understanding the mechanisms underlying the current workforce crisis.

Integration of Theories for This Study

Together, FRLT and SET provide a coherent theoretical framework for this study. FRLT defines the independent variables, transformational and transactional leadership and establishes their conceptual distinctiveness. SET explains the mechanism linking these leadership styles

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to the dependent variable, employee job satisfaction through the norm of reciprocity. The integration proceeds as follows. Transformational leadership, characterised by idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration, signals high leader investment in the exchange relationship (FRLT). Employees who receive such investment reciprocate with elevated satisfaction, loyalty, and engagement (SET). Transactional leadership, centred on contingent rewards and management-by-exception, signals a more bounded exchange. Employees may reciprocate with satisfaction, particularly when rewards are perceived as fair, but the intensity of this satisfaction is likely lower than that produced by transformational behaviours (Choi et al., 2024). This integrated framework guides the development of hypotheses and the interpretation of results in the sections that follow. This integration is particularly pertinent in the Malaysian healthcare context, where the collision of hierarchical cultural expectations (favouring clear transactional structures) and rising professional aspirations (favouring transformational inspiration) creates a unique tension (Othman, 2025). By applying FRLT and SET simultaneously, this study moves beyond describing which leadership style predicts satisfaction to explaining the underlying relational mechanisms through which leadership influences employee attitudes in a culturally specific setting

Literature Review

Job Satisfaction

Job satisfaction is defined as an individual's overall affective and cognitive evaluation of their job and work experiences. Locke (1976, p. 1300) provided one of the most widely cited definitions, describing job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences." This definition captures two essential features: job satisfaction is affective (involving feelings and emotions) and evaluative (involving cognitive judgments about the extent to which the job meets one's needs and values). Spector (2022) elaborated on this conceptualisation, identifying eleven facets of job satisfaction including pay, promotion opportunities, supervision, fringe benefits, contingent rewards, operating conditions, co-workers, nature of work, and communication. In organisational research, job satisfaction is typically distinguished from related constructs such as organisational commitment (attachment to the organisation itself) and work engagement (energy and absorption in work tasks) (Robbins & Judge, 2021). Job satisfaction is consequential for both individual well-being and organisational effectiveness: satisfied employees report better mental and physical health, while organisations with satisfied workforces experience lower absenteeism, reduced turnover, higher productivity, and more frequent organisational citizenship behaviours (Spector, 2022). In healthcare specifically, job satisfaction is critically important because dissatisfied employees provide poorer quality patient care, make more medical errors, and leave the profession at higher rates consequences that directly affect patient safety and organisational sustainability (Al-Husban et al., 2025; Lin et al., 2023).

Empirical research has extensively documented the antecedents and consequences of job satisfaction in healthcare settings. A systematic review of 112 studies by Lin et al. (2023) identified leadership as one of the strongest predictors of healthcare workers' job satisfaction, with effect sizes exceeding those of pay, workload, and shift schedule. Choi et al. (2024) surveyed 1,008 healthcare employees across seven South Korean hospitals and found that job

satisfaction mediated the relationship between perceived leadership quality and turnover intention, with the indirect effect accounting for 47% of the total effect ($\beta = -0.34$, $p < 0.001$). Lee et al. (2023) examined the moderating role of organisational climate on the leadership-satisfaction relationship among 612 hospital employees, finding that transformational leadership predicted satisfaction more strongly in climates characterised by high support and low bureaucracy ($\beta = 0.56$) compared to more rigid climates ($\beta = 0.31$). In Malaysia, Yazid et al. (2025) studied 623 nurses in two Kuala Lumpur public hospitals and found that 54.6% reported ambivalent job satisfaction, with the lowest satisfaction scores in pay (40.0% satisfied) and contingent rewards (41.6% satisfied) dimensions directly influenced by transactional leadership practices. Siow et al. (2026), in a national study of 2,664 Malaysian doctors, reported that contract junior doctors had significantly lower job satisfaction than permanent doctors (mean difference = 0.87 on a 5-point scale, $p < 0.001$), with job satisfaction negatively correlated with depression ($r = -0.52$) and turnover intention ($r = -0.59$). These findings underscore the critical role of job satisfaction in healthcare workforce sustainability and position job satisfaction as an appropriate dependent variable for investigating the effects of leadership styles. More recent evidence has extended this understanding to the post-pandemic healthcare context. Teoh et al. (2025) surveyed 1,247 Malaysian healthcare workers and found that job satisfaction had declined significantly compared to pre-pandemic levels (mean decrease = 0.41 on a 5-point scale, $p < 0.01$), with the sharpest declines observed among early-career professionals and those in high-acuity departments. This temporal decline is particularly concerning given the concurrent workforce shortages, suggesting that interventions aimed at improving satisfaction are not merely desirable but urgent (Ahmad et al., 2025). The present study responds to this urgency by examining the leadership factors that may explain variations in satisfaction, potentially identifying leverage points for intervention.

Transformational Leadership

Transformational leadership is a leadership approach that fundamentally changes the attitudes, beliefs, and values of followers, moving them beyond self-interest toward collective organisational goals. Introduced by Burns (1978) and subsequently expanded by Bass (1985), transformational leadership is conceptualised as a process in which leaders and followers elevate one another to higher levels of motivation and morality. Bass and Avolio (1994) operationalised transformational leadership through four dimensions: idealised influence, where leaders act as charismatic role models who earn respect and trust; inspirational motivation, where leaders articulate compelling visions and communicate high expectations; intellectual stimulation, where leaders encourage creativity, innovation, and critical thinking; and individualised consideration, where leaders attend to each follower's unique needs for growth and development. Unlike transactional approaches that rely on contingent rewards and corrective actions, transformational leadership appeals to followers' intrinsic motivations, fostering identification with the leader and the organisation (Bass & Riggio, 2006). This style has been extensively studied across sectors, with particular relevance to healthcare, where leaders must inspire employees to perform beyond minimum standards in emotionally demanding environments (Northouse, 2022).

Empirical evidence consistently demonstrates a strong positive relationship between transformational leadership and a range of positive employee outcomes. In a systematic review of 47 studies across healthcare settings, Lin et al. (2023) concluded that transformational leadership significantly improves healthcare workers' job satisfaction, with effect sizes ranging

from moderate to large (r = 0.42 to 0.67). Al-Husban et al. (2025) examined 412 nurses across five Jordanian hospitals and found that transformational leadership significantly predicted job satisfaction (β = 0.48, p < 0.001), explaining 23% of the variance in satisfaction scores. Notarnicola et al. (2024), in a study of 1,204 nursing leaders across Italian healthcare organisations, demonstrated that each dimension of transformational leadership predicted job satisfaction, with individualised consideration emerging as the strongest predictor (β = 0.41, p < 0.001). In the Malaysian context, Afzan and Aziz (2020) surveyed 289 nurses in a Malaysian public hospital and reported a significant positive correlation between transformational leadership and job satisfaction (r = 0.53, p < 0.01), with inspirational motivation showing the strongest dimensional effect. Othman and Khrais (2022) found comparable results among 374 Jordanian nurses, with transformational leadership correlating with both job satisfaction (r = 0.59) and organisational commitment (r = 0.61). More recently, Zhu et al. (2025) employed structural equation modelling with 508 healthcare workers across three Chinese hospitals and found that transformational leadership exerted both direct effects on job satisfaction (β = 0.44, p < 0.001) and indirect effects through psychological empowerment (β = 0.23, p < 0.01). Collectively, these findings establish transformational leadership as a robust predictor of employee job satisfaction across diverse healthcare settings. However, recent critiques have noted that much of this evidence originates from Western or Middle Eastern contexts, with limited validation in Southeast Asian healthcare systems (Abdul & Zain, 2026). Furthermore, the overwhelming focus on transformational leadership in healthcare research has led to a comparative neglect of transactional leadership, creating an asymmetry in the evidence base that may obscure the practical utility of contingent reward behaviours in resource-constrained settings (Kumar & Singh, 2024). This study addresses this asymmetry by examining both leadership styles within the same analytical model.

Transactional Leadership

Transactional leadership is a leadership style grounded in exchange-based relationships between leaders and followers, where compliance and performance are secured through contingent rewards and corrective actions. Bass and Avolio (1994) conceptualised transactional leadership as comprising two primary dimensions: contingent reward, where leaders clarify expectations, establish performance targets, and provide material or psychological rewards upon achievement; and management-by-exception, which can be active (leaders proactively monitor performance and take corrective action when deviations occur) or passive (leaders intervene only when problems become serious or standards are not met). Unlike transformational leadership, which seeks to elevate followers' intrinsic motivation and commitment to collective goals, transactional leadership operates on the premise that followers are motivated by self-interest and respond predictably to rewards and penalties (Bass & Riggio, 2006). This style is particularly effective in structured environments where roles are clearly defined, procedures are standardised, and compliance with regulations is critical conditions that characterise many healthcare settings (Avolio, 2011). While transactional leadership may lack the inspirational qualities of transformational leadership, it provides essential clarity, accountability, and consistency that employees often value, particularly when tasks are routine or when safety protocols demand strict adherence (Northouse, 2022).

Empirical evidence regarding transactional leadership and job satisfaction has been more mixed but generally positive, particularly for the contingent reward dimension. Judge and Piccolo's (2004) meta-analysis of 87 studies across diverse industries found that contingent

reward correlated significantly with job satisfaction (ρ = 0.39, p < 0.01), while management-by-exception active showed a smaller but still significant relationship (ρ = 0.18, p < 0.05). Passive management-by-exception, however, correlated negatively with satisfaction (ρ = -0.19, p < 0.01), suggesting that leaders who only intervene when problems escalate may frustrate rather than satisfy employees. In healthcare specifically, Christodoulou-Fella et al. (2025) surveyed 528 healthcare workers across four Greek hospitals and found that contingent reward significantly predicted job satisfaction (β = 0.28, p < 0.01), even after controlling for transformational leadership in the regression model. Papathanasiou et al. (2025), in a study of 847 healthcare staff across three European hospitals, reported that contingent reward was positively associated with job satisfaction (r = 0.44, p < 0.01), while active management-by-exception showed a weaker but significant correlation (r = 0.21, p < 0.05). Lee et al. (2023) examined 612 hospital employees in South Korea and found that transactional leadership, particularly contingent reward, reduced role ambiguity (β = -0.34, p < 0.001), which in turn positively predicted job satisfaction (β = 0.41, p < 0.001). In high-compliance environments such as intensive care units and operating theatres, employees may prefer leaders who provide clear expectations and consistent feedback, even if those leaders are not particularly inspirational (Zhu et al., 2025). These findings suggest that while transactional leadership may not produce the same depth of satisfaction as transformational leadership, it remains a meaningful predictor, particularly for extrinsic satisfaction dimensions such as pay satisfaction, supervisory fairness, and role clarity. A critical theoretical and empirical gap concerns the comparative effectiveness of transformational and transactional leadership in Asian healthcare contexts characterised by high power distance and collectivism. Recent cross-cultural research suggests that in such settings, transactional leadership behaviours particularly contingent reward may be more strongly valued and more closely associated with satisfaction than in Western contexts, due to culturally embedded expectations of hierarchical clarity and structured exchanges (Singh et al., 2025; Goh & Tan, 2025). This possibility has not been systematically tested in the Malaysian healthcare context, representing a significant gap that this study addresses by directly comparing the relative predictive power of both leadership styles within the same sample.

Hypotheses Development

There is a significant positive relationship between transformational leadership and employee job satisfaction in the healthcare setting. Transformational leadership, as conceptualised within Full Range Leadership Theory, encompasses four dimensions: idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration (Bass & Avolio, 1994). Leaders who exhibit these behaviours articulate compelling visions, challenge existing assumptions, demonstrate genuine concern for followers' development, and serve as ethical role models (Bass & Riggio, 2006). From a Social Exchange Theory perspective, such behaviours signal high leader investment in the exchange relationship. When a leader shows individualised consideration taking time to understand an employee's career aspirations or personal challenges the employee perceives that the relationship extends beyond formal contractual obligations. The norm of reciprocity then motivates the employee to reciprocate with positive attitudes, including elevated job satisfaction (Cropanzano & Mitchell, 2005).

This hypothesis is grounded in extensive research indicating that transformational leadership behaviours foster trust and professional growth, thereby enhancing job satisfaction. Al-Husban et al. (2025) found that Jordanian nurses working under transformational leaders reported

significantly higher satisfaction compared to those under less transformational leaders, even after controlling for demographic variables and work conditions. Lee et al. (2023) demonstrated that hospital leadership behaviours, particularly those associated with transformational leadership, influence employee satisfaction through perceived organisational support. In the Malaysian context, Afzan and Aziz (2020) reported a significant positive correlation between transformational leadership and nurse job satisfaction ($r = 0.53$, $p < 0.01$). Notarnicola et al. (2024), in a study of 1,204 nursing leaders across Italian healthcare organisations, demonstrated that transformational leadership behaviours predicted both job satisfaction and personal mastery, with individualised consideration emerging as the strongest dimensional predictor. Lin et al. (2023), in a systematic review of 47 studies across healthcare settings, concluded that transformational leadership consistently improves healthcare workers' job satisfaction, with effect sizes ranging from moderate to large ($r = 0.42$ to 0.67). The theoretical rationale for H1 is further strengthened by recent evidence from Southeast Asian healthcare settings. Abdul and Zain (2026) found that transformational leadership predicted job satisfaction among Malaysian hospital staff ($\beta = 0.51$, $p < 0.001$), with the effect partially mediated by psychological safety. Similarly, Othman (2025), in a cross-sectional study of 892 healthcare workers across four Malaysian states, reported that transformational leadership explained 28% of the variance in job satisfaction, with inspirational motivation and individualised consideration emerging as the most influential dimensions. These findings, combined with the theoretical predictions of FRLT and SET, provide strong justification for H1. Based on this theoretical reasoning and empirical evidence, H1 is proposed.

H1: Transformational Leadership and Employee Job Satisfaction

There is a significant positive relationship between transactional leadership and employee job satisfaction in the healthcare setting. Transactional leadership, positioned in the middle of the Full Range Leadership Theory spectrum, operates through exchange-based relationships focused on contingent rewards and management-by-exception (Bass & Avolio, 1994). Leaders practising contingent reward clarify performance expectations, communicate what employees can expect to receive when targets are met, and provide rewards or recognition contingent upon achievement. Management-by-exception, whether active (proactively monitoring for deviations) or passive (intervening only when problems escalate), emphasises error correction and compliance with established standards (Bass & Riggio, 2006).

While transactional leadership may lack the inspirational component of transformational leadership, recent studies show that clear expectations, contingent rewards, and corrective feedback can still enhance job satisfaction, particularly in structured or high-compliance environments such as healthcare. From a Social Exchange Theory perspective, transactional leadership establishes a bounded form of social exchange, sometimes described as economic exchange (Cropanzano & Mitchell, 2005). The leader provides rewards contingent on performance; the employee provides effort contingent on rewards. Employees who perceive that their leader clearly communicates expectations and fairly administers contingent rewards are likely to report satisfaction, particularly with the extrinsic aspects of their jobs pay, recognition, and supervisory fairness (Choi et al., 2024).

Christodoulou-Fella et al. (2025) found that both transformational and transactional leadership significantly predicted job satisfaction among Greek healthcare workers, with contingent reward showing a significant positive relationship ($\beta = 0.28$, $p < 0.01$) even after controlling for transformational leadership. Papathanasiou et al. (2025), in a study of 847 healthcare staff

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across three European hospitals, reported that contingent reward was positively associated with job satisfaction ($r = 0.44$, $p < 0.01$). Judge and Piccolo's (2004) meta-analysis of 87 studies found that contingent reward correlated significantly with job satisfaction ($\rho = 0.39$), while management-by-exception active showed a smaller but still significant relationship ($\rho = 0.18$). In healthcare specifically, transactional leadership reduces role ambiguity a known predictor of job dissatisfaction by specifying exactly what is required and what will be received in return (Zhu et al., 2025). The theoretical rationale for H2 is particularly compelling in the Malaysian healthcare context, where cultural norms of hierarchy and deference to authority may amplify the positive effects of transactional leadership. Recent evidence from Malaysian public hospitals suggests that employees in high-stress, resource-constrained environments value clarity and consistency from their leaders, even when those leaders lack inspirational qualities (Teoh et al., 2025). Goh and Tan (2025), in a study of 743 Malaysian nurses, found that contingent reward was positively associated with job satisfaction ($r = 0.41$, $p < 0.01$), with the relationship partially mediated by perceived fairness and role clarity. Furthermore, employees in the Malaysian public sector have expressed frustration with ambiguous expectations and inconsistent feedback, suggesting that contingent reward behaviours may be particularly valued precisely because they provide the clarity that has been lacking (Ahmad et al., 2025). These cultural and contextual considerations strengthen the justification for H2. Based on this theoretical reasoning and empirical evidence, H2 is proposed.

H2: Transactional Leadership and Employee Job Satisfaction

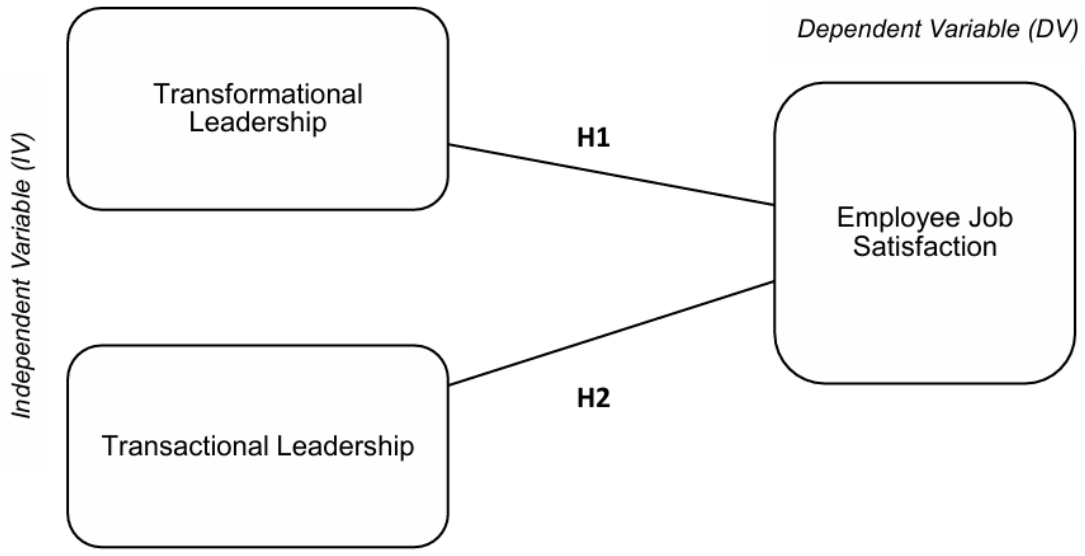

Figure 1: Theoretical Framework of the Research

Methodology

This quantitative correlational study was conducted at a private tertiary care hospital in Malaysia's capital, to examine the relationships between transformational leadership, transactional leadership, and employee job satisfaction. A purposive sampling strategy was employed to ensure balanced representation across clinical and non-clinical departments, resulting in 317 valid responses from the estimated 1,500 permanent employees, exceeding the

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minimum sample size of 306 recommended by Krejcie and Morgan's (1970) table. Primary data were collected using a structured online questionnaire administered through Google Forms, comprising three sections: demographic information (age, gender, department, salary range), leadership styles measured using six items adapted from the Multifactor Leadership Questionnaire (MLQ) for transformational leadership and six items for transactional leadership (Bass & Avolio, 1994), and employee job satisfaction measured using six items adapted from the Minnesota Satisfaction Questionnaire (MSQ) (Weiss et al., 1967). All items were rated on a five-point Likert scale from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). Data were analysed using the Statistical Package for the Social Sciences (SPSS) Version 31.0.0.0, following a sequential analytical procedure: descriptive statistics (frequencies, percentages, means, standard deviations) to summarise demographic and variable distributions; reliability analysis using Cronbach's alpha to assess internal consistency of the scales; Pearson's correlation to examine bivariate relationships between variables; and multiple regression analysis to determine the predictive power of transformational and transactional leadership on job satisfaction while comparing their relative influence, with significance set at $p < 0.05$ (Hair et al., 2022). Ethical approval was obtained from the university's research ethics committee and hospital administration, with informed consent secured from all participants and anonymity maintained throughout.

Results and Discussion

Demographic Descriptive Analysis

The demographic characteristics of the 317 respondents provide a detailed overview of the study population. According to Table 1, the largest age group was employees between 31 and 45 years old, comprising 38.5% of the total, followed closely by those aged 46-60 at 36.3%. In terms of gender, show that the study sample was predominantly female, accounting for 58% of the respondents, while males made up 42%. A slightly greater number of respondents worked in clinical departments (55.5%) compared to non-clinical departments (44.5%), as shown in Table 1 and Figure 3. The salary distribution revealed that the most common range was RM8,001-RM11,000, which was earned by 32.8% of the employees. This was followed by the RM5,001-RM8,000 range (25.2%) and the RM11,001-RM15,000 range (22.1%).

Table 1: Demographic Characteristics of Respondents (N=317)

Demographic Characteristics	Categories	Frequency	Percentage (%)
Age	18 – 30	65	20.5
	31 – 45	122	38.5
	46 – 60	115	36.3
	Over 60	15	4.7
Gender	Male	133	42
	Female	184	58
Department	Clinical	176	55.5
	Non-Clinical	141	44.5
Salary Range	RM2,000 – RM5,000	33	10.4

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RM5,001 – RM8,000	80	25.2
RM8,001 – RM11,000	104	32.8
RM11,001 – RM15,000	70	22.1
RM15,001 – RM18,000	30	9.5

Table 2 presents the descriptive statistics for the core variables. Employee job satisfaction had a mean score of 4.7461 (SD = 0.41222) on a 5-point scale, indicating that respondents generally agreed or strongly agreed with positive statements about their job satisfaction. Transformational leadership (M = 4.7886, SD = 0.42141) and transactional leadership (M = 4.8176, SD = 0.40405) also received high mean scores, suggesting that employees perceived their leaders as exhibiting both leadership styles at relatively high levels. The low standard deviations across all three variables indicate that responses were clustered closely around the means, with little dispersion among respondents. This consistency suggests that perceptions of leadership and job satisfaction were relatively uniform across different departments and demographic groups within the hospital. Interestingly, transactional leadership received the slightly higher mean score, but the difference between the two-leadership means was minimal (0.029), suggesting that leaders at Gleneagles Hospital Kuala Lumpur employ a blended approach rather than adhering strictly to one style. These high mean scores provide a favourable organisational context for examining the relationships between leadership and satisfaction, though the restricted range may attenuate correlation coefficients in subsequent analyses.

Table 2: Central Tendencies Measurement of Constructs

Variables	Mean	Std. Deviation
Employee Job Satisfaction (ES)	4.7461	0.41222
Transformational Leadership (TF)	4.7886	0.42141
Transactional Leadership (TS)	4.8176	0.40405

Reliability analysis in Table3 demonstrated strong internal consistency for all constructs. For each variable, the values of Cronbach's alpha were higher than the acceptable cutoff of 0.70. These findings verify the reliability and suitability of the measurement employed in this study for subsequent statistical analysis.

Table 3: Reliability Analysis

Variables	Number of Items	Cronbach's Alpha	Reliability Level
Employee Job Satisfaction (ES)	6	0.883	Good
Transformational Leadership (TF)	6	0.958	Good

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Transactional Leadership (TS)	6	0.952	Excellent

Table 4 presents the model summary and ANOVA results for the multiple regression analysis. The model yielded an R of 0.561 and an R Square of 0.315, indicating that transformational leadership and transactional leadership together explain 31.5% of the variance in employee job satisfaction (Adjusted $R^2 = 0.310$). The standard error of the estimate was 0.34235. The ANOVA results showed a statistically significant overall model ($F = 72.079$, $df = 2$ and 314, $p < 0.001$), confirming that the combined effect of the two leadership styles on job satisfaction is not attributable to random chance. The regression sum of squares (16.895) represents the explained variance, while the residual sum of squares (36.801) represents unexplained variance attributable to other factors such as pay, workload, or personal circumstances. These findings indicate that leadership behaviours explain a substantial portion of employee job satisfaction approximately one-third of the variance with the remaining two-thirds influenced by other workplace and individual factors. The significant overall model provides statistical justification for examining the individual contributions of each leadership style in the coefficients table.

Table 4: Multiple Regression (ANOVA)

R	**R Square**	**Adjusted R Square**		**Std. Error of the Estimate**	
0.561[a]	0.315	.310		0.34235	
	Sum of Squares	**df**	**Mean Square**	**F**	**Sig**
Regression	16.895	2	8.448	72.079	<.001[b]
Residual	36.801	314	0.117		
Total	53.696	316			

Table 5 presents the coefficients from the multiple regression analysis. Transformational leadership was found to be a significant positive predictor of employee job satisfaction ($B = 0.466$, $\beta = 0.476$, $t = 6.235$, $p < 0.001$). This indicates that for every one-unit increase in perceived transformational leadership, job satisfaction increases by 0.466 units, and this effect is highly statistically significant. In contrast, transactional leadership was not a significant predictor when transformational leadership was included in the same model ($B = 0.105$, $\beta = 0.103$, $t = 1.348$, $p = 0.179$). The p-value of 0.179 exceeds the conventional significance threshold of 0.05, indicating that the unique effect of transactional leadership on job satisfaction cannot be distinguished from zero. The constant term was also significant ($B = 2.011$, $t = 8.436$, $p < 0.001$). The standardized coefficients reveal that transformational leadership ($\beta = 0.476$) has approximately 4.6 times the unique effect of transactional leadership ($\beta = 0.103$). These findings support Hypothesis 1 and Hypothesis 3 but provide only partial support for Hypothesis 2. The results indicate that while transactional leadership correlates with job satisfaction at the bivariate level, its unique contribution is not significant once the overlapping variance with transformational leadership is accounted for.

Table 5: Inferential Analysis -Multiple Regression (Coefficients)

	Unstandardized Coefficients	**Standardized Coefficients**

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	B	Std. Error	Beta	t	Sig.
(Constant)	2.011	0.238		8.436	<.001
Transformational Leadership	0.466	0.075	0.476	6.235	<.001
Transactional Leadership	0.105	0.078	0.103	1.348	0.179

Discussion and Conclusion

This study examined the relationship between transformational and transactional leadership styles and employee job satisfaction among 317 staff at private Hospital Kuala Lumpur. The findings provide empirical evidence from the Malaysian private healthcare context, with three main conclusions emerging from the analysis. The first key finding is that transformational leadership is a significant positive predictor of employee job satisfaction. The regression analysis revealed that transformational leadership uniquely predicted satisfaction ($\beta = 0.476$, $p < 0.001$), even after controlling for transactional leadership. This finding aligns with recent healthcare research across multiple cultural contexts. Al-Husban et al. (2025) reported similar effect sizes ($\beta = 0.48$) among Jordanian nurses, while Zhu et al. (2025) found comparable results ($\beta = 0.52$) in Chinese hospitals. From a theoretical perspective, Full Range Leadership Theory (FRLT) explains this by positioning transformational leadership as appealing to followers' higher-order needs for meaning and self-actualisation (Bass & Riggio, 2006). Social Exchange Theory (SET) provides a complementary explanation: transformational leaders invest substantially in the exchange relationship, and employees reciprocate with elevated satisfaction (Cropanzano & Mitchell, 2005).The second key finding is that while transactional leadership showed a significant bivariate correlation with job satisfaction ($r = 0.479$, $p < 0.01$), it was not a significant predictor when transformational leadership was included in the same regression model ($\beta = 0.103$, $p = 0.179$). This pattern significant correlation but non-significant unique prediction, suggests that transactional leadership's effect on satisfaction operates largely through its overlap with transformational leadership, as reflected in the strong correlation between the two styles ($r = 0.791$). This finding is consistent with Christodoulou-Fella et al. (2025), who reported that transactional leadership became non-significant ($\beta = 0.09$, $p = 0.12$) when both styles were entered simultaneously. Social Exchange Theory explains this by distinguishing between high-quality social exchanges (transformational) and lower-quality economic exchanges (transactional). Employees reciprocate transformational investments with deeper satisfaction but respond to transactional exchanges with more bounded, calculative satisfaction that may be less detectable when controlling for transformational leadership (Cropanzano et al., 2017). The third key finding is that transformational leadership exerts substantially stronger influence on job satisfaction than transactional leadership. The standardized coefficient for transformational leadership ($\beta = 0.476$) was approximately 4.6 times larger than that for transactional leadership ($\beta = 0.103$). Only transformational leadership achieved statistical significance in the full model. This comparative finding supports Hypothesis 3 and is explained by FRLT's prediction that transformational leadership addresses intrinsic motivation while transactional leadership addresses extrinsic, reward-based motivation (Bass & Avolio, 1994). Job satisfaction, particularly intrinsic satisfaction derived from autonomy, recognition, and personal growth, aligns more closely with transformational leadership's focus on individualised consideration and intellectual stimulation.

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This study makes two theoretical contributions. First, it extends FRLT to the Malaysian private healthcare context, confirming that the theory's predictions hold in this under-researched Southeast Asian setting. Second, it demonstrates Social Exchange Theory's utility for understanding leadership-satisfaction mechanisms, showing how different exchange qualities produce different satisfaction outcomes. Furthermore, the practical implication for healthcare administrators, the findings suggest that leadership development programmes should prioritise transformational capabilities idealised influence, inspirational motivation, intellectual stimulation, and individualised consideration. Training should focus on articulating vision, encouraging creative thinking, showing genuine concern for employee development, and acting as ethical role models. However, transactional practices such as clear expectations and fair contingent rewards remain important foundations. The recommendation is not to replace transactional practices but to add transformational practices on top of a solid transactional base. In the context of Malaysia's healthcare workforce crisis housemanship vacancies, nursing shortage of 9,000, specialist exodus improving job satisfaction through leadership development may be a cost-effective retention strategy. This study also has Several limitations should be acknowledged. The single-site private hospital context limits generalisability to public hospitals. The cross-sectional design cannot establish causality. Self-reported data may introduce common method bias. Range restriction (high means, low standard deviations) may have attenuated correlation coefficients. Future research should replicate across multiple sites, employ longitudinal designs, include objective measures, and examine mediators such as psychological empowerment.

This study contributes primarily to SDG 3: Good Health and Well-being by highlighting the importance of effective leadership practices in promoting a positive working environment and enhancing the well-being of healthcare employees. Satisfied and motivated healthcare workers are essential in supporting the delivery of quality healthcare services.

Furthermore, this study supports SDG 8: Decent Work and Economic Growth by emphasising the role of transformational and transactional leadership styles in improving employee job satisfaction and promoting a sustainable workplace environment. Effective leadership can enhance employee motivation, engagement, and organisational performance, particularly within the private healthcare sector.

In conclusion this study demonstrates that transformational leadership has a stronger positive effect on employee job satisfaction than transactional leadership in a Malaysian private hospital setting. Transformational leadership uniquely predicts satisfaction ($\beta = 0.476$, $p < 0.001$), while transactional leadership's unique effect is non-significant when both styles are considered together ($\beta = 0.103$, $p = 0.179$). These findings support Full Range Leadership Theory and Social Exchange Theory, extend the evidence base to the Malaysian healthcare context, and offer practical guidance for leadership development. For healthcare institutions facing workforce retention challenges, cultivating transformational leadership qualities vision, inspiration, intellectual stimulation, and individualised consideration can create a more motivated, loyal, and satisfied workforce, ultimately benefiting both employees and patients.

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