

Leadership Styles and Employees Outcomes: Insights from Bangladesh's Private Sector using the MLQ-5X Model

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ABSTRACT

Purpose: The present study fills an under-researched void in leadership style research in non-Western contexts by exploring its effects on employee outcomes in the non-Western context, namely, the private sector of Bangladesh. More specifically, the MLQ-5X was used to test the impact of transformational, transactional, and laissez-faire leadership on employee satisfaction, perceived leadership effectiveness, and extra employee effort.

Methodology: A quantitative method was applied, and survey data were collected from respondents from several private sector organizations in Bangladesh using the MLQ-5X to measure the extent of employees' perceptions of supervisors' leadership style and its implications for employee creativity. The relationship between the three leadership styles and effectiveness, satisfaction, and extra effort was tested using statistical analysis.

Findings: The findings indicate that a high level of transformational leadership is positively related to employees' job satisfaction, perceived effectiveness, and extra effort. Transactional leadership was positively correlated with these results to a moderate extent. In contrast, laissez-faire leadership is negatively associated with all three outcomes, meaning that employees are less satisfied and perceive their leaders as less effective.

Practical Implications: The results indicate that developing transformational leadership practices in the private sector of a country like Bangladesh could have human resource management and leadership development implications, as promoting transformational leadership abilities can create desired outcomes on employee satisfaction and commitment, which eventually ensures long-term organizational survival. Leadership development programs should focus on developing transformational skills and minimizing laissez-faire behavior.

Originality/Value: The findings of this study add to the limited empirical literature on leadership styles in developing countries. In validating the MLQ-5X in Bangladesh, this study shows the model's cross-cultural relevance and its implications for leadership practices that could potentially enhance organizational performance within South Asian economies.

Limitations: The cross-sectional nature of this study precludes inferences about causality and can induce perceptual bias. Longitudinal studies that include both supervisor and employee perspectives in future research will allow for a more comprehensive understanding of the leadership process.

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1. Introduction

Leadership has long been considered an important factor contributing to the success of an organization, directly affecting employee satisfaction and motivation at the workplace (Bass & Avolio, 1994; Burns, 1978). Effective leadership is no longer a managerial luxury but a strategic necessity in today's fast-paced and increasingly competitive global business environment. As organizations pursue sustainable growth and performance excellence, leadership practices must be nurtured to meet their evolving internal needs and external pressures. Among the various forms of leadership, transformational, transactional, and laissez-faire leadership styles have been examined extensively because they affect employee and organizational outcomes (Yukl, 2006; Tajasom et al., 2024; Islam et al., 2023).

Transformational leadership is typically characterized by leaders who motivate, intellectually stimulate, and provide individualized consideration to followers, encouraging them to perform beyond specified levels. In contrast, the task characteristics of transactional leaders are exchange-based, and compliant behavior is motivated by rewards and punishments. In contrast, laissez-faire leadership is characterized by neglect of decision-making and minimal supervision, leaving employees confused and detached (Sultana & Haque, 2023).

Although a great deal of attention has been paid to these leadership styles in Western contexts, such styles remain underexplored in non-Western and developing countries (Hossain et al., 2024; Hossain et al., 2023). The Bangladeshi private sector provides an appealing context for studying this issue. Bangladesh, a developing South Asian economy, has a collectivist culture, high power distance, and hierarchical organizational structure. These cultural and structural contingencies may directly impact how leadership is perceived and felt by employees' attitudes and behaviors, such as satisfaction, commitment, and performance (Ahmed and Karim, 2023; Akter et al., 2024). Although the international phenomenon of leadership has become increasingly significant in the private sector in the country, empirical studies on the distinct impacts of leadership styles on employee outcomes are lacking in the literature.

This study aims to fill this important gap in the literature by exploring the effects of transformational, transactional, and laissez-faire leadership styles on employee satisfaction, perceived leadership effectiveness, and willingness to exert extra effort in the private sector in Bangladesh. This study aims to investigate how these leadership styles can materialize in the country's specific cultural and institutional setting and the extent to which they can explain their positive influence on critical employee outcomes. A common challenge in the literature is the construction of hybrid leadership profiles that are culturally sensitive and organizationally efficacious in non-Western cultures (Akhter & Rahman, 2025; Alam et al., 2025). This is particularly true in Bangladesh, where conventional power structures, scarce leadership, capacity building, and informal succession planning are dominant (Chowdhury et al., 2024; Rahman et al., 2023).

Theoretically, this study adds to the field of global leadership by offering empirical data based on a non-Western developing country context. It translates the widely tested and validated MLQ-5X instrument to the South Asian cultural context, thus testing the cross-cultural applicability and relevance of known leadership theories (Tajasom et al. 2024). Furthermore, this study investigates how cultural traits such as power distance, collectivism, and uncertainty avoidance moderate the relationship between leadership styles and outcomes (Hossain et al., 2023; Sarker et al., 2024).

The implications of this study's findings are significant for human resource professionals, policymakers, and organizational leaders in Bangladesh and other developing countries. Because it identifies which leadership styles are most successful in promoting satisfaction, engagement, and commitment among employees, this study has practical implications for leadership development training and selection practices (Hasan et al., 2024; Alam et al., 2025). The overwhelming evidence supporting the positive relationship between transformational leadership and EI's direct effect of EI makes it imperative for

organizations to invest in building transformational competencies in their leaders (Ehsan et al., 2020; Tanveer et al., 2023). However, the drawbacks of laissez-faire leadership, such as poor morale, productivity, and high turnover, suggest that passive leadership behaviors should be avoided in favor of more active and supportive leadership (Akhter & Haque, 2023; Akhter & Rahman, 2025).

In addition, it is anticipated that our findings will provide evidence to guide policymakers and organizations on national-level leadership development strategies and organizational change efforts to make Bangladesh's private sector a stronger player. As the nation becomes more connected with the rest of the world, the demand for building a new generation of leaders who can manage today's complex organizations and deliver superior results is increasing. The findings of this study may be used as an important input for the design of contextually linked leadership development programmes whose objectives meet the vision and expectations of employees.

This research contributes to a relatively neglected area of leadership literature by exploring the situational appropriateness and effectiveness of different leadership types in Bangladesh's private sector. This study advances the understanding of the relationships between leadership behaviors, employee satisfaction, perceived leadership effectiveness, and extra-role performance in a developing country context. In so doing, this research advances both theory and practice by aiding the creation of higher-impact leader development practices that are culturally appropriate for facilitating sustainable leader identity and purpose in organizations in Bangladesh and beyond.

While there is considerable literature on leadership styles in Western settings, we find very limited empirical evidence in non-Western developing countries such as Bangladesh. Specifically, little is known about the impact of transformational, transactional, and laissez-faire leadership on the satisfaction, perceived effectiveness, and extra effort of employees in the Bangladeshi private sector. The extent to which established models, such as the MLQ-5X, can measure leadership dynamics in this particular cultural setting is an area that has not been explored.

2. Research Gap

Existing studies have not adequately considered how these established models of leadership (e.g., those measured by the MLQ -5X) translate to the Bangladeshi context or whether they need to be reinvented to capture local cultural and organizational specifics (Rahman & Uddin, 2024; Hossain et al., 2023). Second, there is little empirical evidence on the emergent yet disparate creation of composite or hybrid leadership profiles that are adapted to culture and are simultaneously effective at the organizational level in Bangladesh's developing private sector (Akhter & Rahman, 2025; Alam et al., 2025).

Such a gap becomes even more important as the emerging economy in Bangladesh continues to grow, where effective leadership is a major determinant of organizational success and employee engagement. In the absence of country-oriented research, organizations find it challenging to design leadership development programs that are effective and aligned with the local culture. Hence, there is an urgent need for research that explores the adaptability, efficacy, and cultural appropriateness of various leadership styles in the private sector of Bangladesh, with sound measurements and proper regard to local socio-cultural dynamics (Chowdhury et al., 2024; Rahman et al., 2023).

However, Leadership behaviors have been extensively studied in Western nations, particularly transformational, transactional, and laissez-faire in their effects on employee outcomes, the experience of which does not meet the same established in the Western developing economy such as Bangladesh. Research in the private sector of Bangladesh is still scarce and isolated, largely discounting the subtlety of the influence of leadership styles on important employee outcomes such as satisfaction, perceived leadership effectiveness, and extra effort. Furthermore, the appropriateness of implementing standardized instruments such as the MLQ-5X has not been adequately tested in the context of Bangladeshi culture and institutions, which are characterized by high power distance, collectivism, and hierarchical culture, and

may influence leadership processes. This lack of contextual evidence leaves organizations in Bangladesh with ambiguity about how to design effective leadership development programs that are sensitive to the culture, thereby impeding the advancement of performance and employee engagement in the private sector in Bangladesh.

This study seeks to examine the impact of these three leadership behaviors on variables such as employee satisfaction, perceived leadership effectiveness, trust in leadership, and willingness to make extra efforts in private sector organizations in Bangladesh. The results may contribute directly to management practices to help other organizations generate better performance in the highly competitive business environment of Bangladesh.

To answer this research question, the following sub-questions are formulated:

1. What is the impact of transformational leadership styles on employee satisfaction and perception of leadership effectiveness?
2. How does transactional leadership influence employees' perceived effectiveness of leadership and levels of satisfaction?
3. What are the effects of the laissez-faire leadership style on followers' job satisfaction and performance?

3. Research Aims and Objectives

Therefore, the main objective of the current study is to examine the influence of leadership styles—transformational, transactional, and laissez-faire—on employee satisfaction and perceived leadership effectiveness in private sector organizations in Bangladesh using the MLQ-5X.

To achieve the aim of this study, the following objectives were formulated:

- To assess the impact of transformational leadership styles on employees' satisfaction and perception of leadership effectiveness.
- To examine the influence of transformational leadership on employees perceived effectiveness of leadership in private sector organizations.
- To examine the effects of laissez-faire leadership style on employee satisfaction and willingness to exert extra effort.

4. Literature Review and Hypotheses Development

4.1 Perceived Leadership Effectiveness and Follower's Satisfaction

The use of specific leadership styles can have a substantial impact on leadership results. This study analyzed the three quantifiable components of leadership outcomes, as defined by the MLQ-5X: effectiveness, additional effort, and satisfaction. Effectiveness is a consequence of leadership, indicating the perception of leaders' efficacy by subordinates throughout interactions at various organizational levels. A substantial body of research indicates that leaders who integrate transactional and transformational leadership styles are perceived as more successful (Yahaya and Ebrahim, 2016). This hypothesis was formulated to examine a comparable relationship within the Bangladeshi context and illustrate its global relevance.

4.2 Transformational Leadership Style

Over the past two decades, extensive research has been conducted on leadership, with a primary emphasis on transformational and transactional leadership styles. Burns (1978) first articulated this concept, which was subsequently elaborated upon by Bass and Avolio (2004) (see also Bass, 1998). Transformational leadership involves engaging and motivating individuals to achieve aspirational objectives, wherein leaders prioritize the interests of their followers over their own interests. Transformational leaders cultivate passion, show personal concern for their followers' interests, and

intellectually challenge and inspire them (Bass & Riggio, 2010). According to Tajasom et al. (2015), transformational leadership plays a major role in organizational success. Beyond the conventional frameworks of reward and exchange, transformational leaders inspire their followers by influencing their followers' values and beliefs. Leaders and followers can develop strong emotional bonds through this approach. An employee's respect and trust in their leader are greatly impacted by a transformative leader. The powerful influence of transformational leaders' charisma inspires workers to follow their vision (Dimitrov, 2015). Transformational leadership effectively attracts employees and facilitates organizational progress and its development. The following hypotheses were formulated.

H1a: Transformational leadership style positively affects leadership effectiveness.

H1b: Transformational leadership style positively affects followers' satisfaction.

4.3 Transactional Leadership Style

Burns (1978) differentiated between transactional and transformational leadership, highlighting how leaders utilize diverse strategies to motivate and inspire their followers. Both leadership styles present distinct strategies for engaging employees' emotions and ethical values, rendering them a compelling topic for academic inquiry (Nguni et al., 2006). Transactional leaders effectively manage organizational programs and concerns by offering competitive perks and fostering individuals' creativity and dynamic qualities (Kalsoom et al., 2018). Transactional leadership is a reciprocal approach in which both the leader and followers obtain mutual advantages (Northouse, 2010). This concept is grounded in the hypothetical inducement model for compulsory actions, referred to as the path-goal (Shapiro & Gross, 2008). In this model, the transactional leader identifies and fulfils the needs and wants of the subordinate in return for their compliance and dedicated effort (Nguni et al., 2006). Transactional leadership encompasses three primary dimensions: Contingent Reward, Management-by-Exception (Passive), and Management-by-Exception (Active) (Bass, 1998). Therefore, this study proposes the following hypothesis:

H2a: Transactional leadership style positively affects leadership effectiveness.

H2b: Transactional leadership style positively affects followers' satisfaction.

4.4 Laissez-faire Leadership Style

Laissez-faire leadership is commonly described as a leader who does not intervene, take responsibility for decision-making, or proactively engage with followers (Bass & Avolio, 2004). Here, followers have a lot of freedom to make decisions and solve problems while, at the same time, the leader's hand remains mostly off (Agotnes et al., 2021).

Traditional studies have emphasized the negative aspects of laissez-faire leadership. Research has linked it to reduced employee morale, slowed decision-making, lack of trust, and high levels of role ambiguity, all of which typically lower employee satisfaction and performance (Yang, 2015; Skogstad et al., 2014). However, scholars have come to recognize that this is not a natural or inevitable result. Specifically, new research indicates that in contexts consisting of highly skilled, experienced, and self-determined employees who value independence and are self-directed, laissez-faire leadership may be effectively applied, leading to positive outcomes (Wang et al., 2022; Zhang, 2023; Belonio, 2012).

Based on contingency theory and situational leadership theory, the effect of leadership styles is contingent upon the situation and factors including followers' experience, nature of the task, degree of independence, and kind of organization culture (Eagly et al., 2003). This behavior can thus be said to enable creativity, psychological empowerment, and higher intrinsic motivation among employees who want a high degree of autonomy and can work well independently.

Furthermore, Kamal et al. (2024) support these arguments by explaining that in flexible work environments, which are typically marked by high professional discretion and self-paced work,

laissez-faire leadership can lead to enhanced employee job satisfaction and perceived effectiveness.

Based on this rationale, the following hypotheses were proposed:

H3a: Laissez-faire leadership style positively affects leadership effectiveness.

H3b: The laissez-faire leadership style positively affects followers' satisfaction.

4.5 Leadership Effectiveness and Follower Satisfaction

Several studies have demonstrated that leadership style impacts subordinates' satisfaction. Satisfaction could be related to how well supporters think they can judge the leader's performance and how much the leader's behavior can satisfy their needs and expectations. Connection-oriented leadership is also expected to involve higher job satisfaction because it supports followers' values (and their expectations of support and recognition) (Vries et al., 1998). Research also suggests that followers are more satisfied with their work and more committed to their organization when they view leadership as effective (Packard and Kauppi, 1999). Based on this, the following hypothesis is proposed.

H4: Leadership effectiveness positively impacts followers' satisfaction with the leadership style.

4.6 Theoretical Framework of the Study

Based on the above theoretical discussions and hypotheses, this study proposes the following theoretical framework.

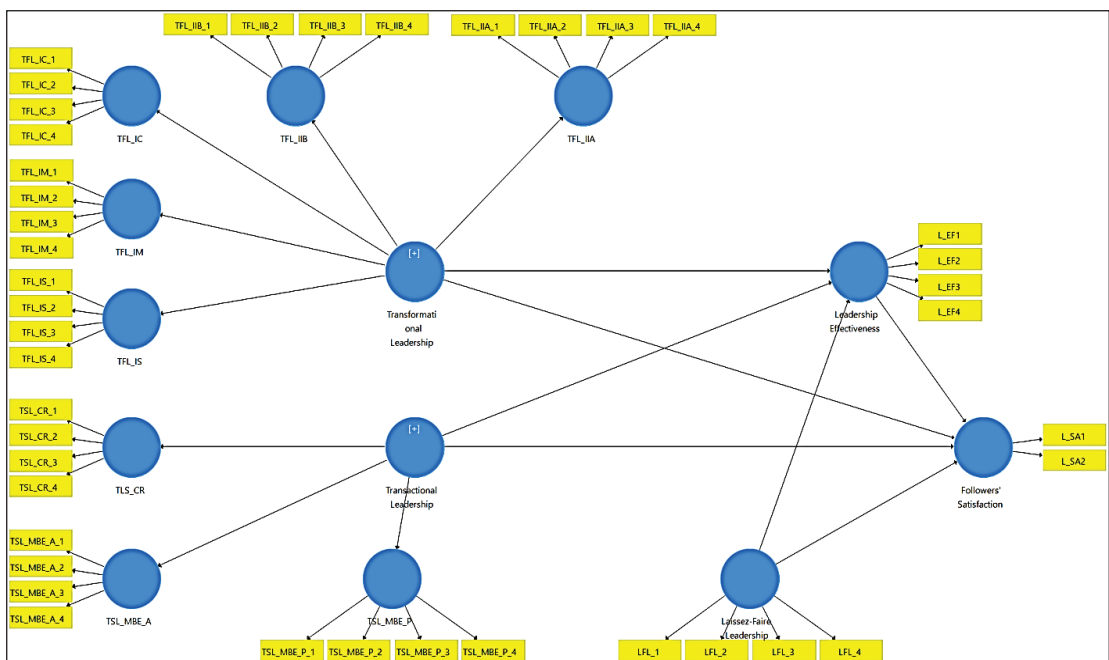


Figure 1: The theoretical framework of the study

Source: Authors Derived.

Note: (Transformational leadership, transactional leadership and laissez-faire leadership styles are the independent variable and leadership effectiveness and followers' satisfaction are the dependent variable)

5. Materials and Methods

5.1 Sample

To ensure the reliability and statistical validity of the findings, this study utilized the confidence interval approach to estimate the sample size for a population of unknown size—a method widely endorsed in survey research, particularly within the social sciences (Burns & Bush, 2013; Fugard & Potts, 2015; Kothari, 2019). This method supports the calculation of a representative sample that accurately reflects the target population characteristics within an acceptable margin of error.

$$n = (z^2 * p * q) / e^2 \quad (1)$$

Where: n = required sample size

z = z-score corresponding to the desired confidence level (1.65 for 90% confidence)

p = estimated population proportion (0.648, based on the Labour Force Survey, 2022)

q = 1 – p = 0.352

e = acceptable margin of error (0.05 or 5%)

Substituting these values into the formula, we obtain:

$$n = (1.65^2 * 0.648 * 0.352) / 0.05^2 = (2.7225 * 0.228096) / 0.0025 = 0.621372 / 0.0025 = 248.55$$

The resulting minimum required sample size was approximately 249 respondents (rounded up from 248.55). Given the anticipated response rate of 50%, the number of distributed questionnaires was adjusted accordingly: Adjusted Sample = 249 / 0.50 = 498. To accommodate this, 500 questionnaires were distributed to the targeted sample population. After data collection, 308 questionnaires were returned. After screening for completeness and accuracy, 294 valid responses were retained for the final analysis. This number comfortably exceeded the originally required sample size, thereby strengthening the statistical generalizability and reducing the margin of error for the study. The approach adopted here aligns with established methodological standards for empirical research involving human participants and reflects best practices for ensuring representative, high-quality data collection in developing country contexts (Kothari, 2019; Fugard & Potts, 2015; Burns & Bush, 2013).

5.2 Measuring Instruments

A structured questionnaire was used in this study that included participants' socio-demographic information and the variables, that is, the different leadership styles along with the items of the model. The study utilized The Multifactor Leadership Questionnaire (MLQ or MLQ-5X in short), which was initially created by Bass and Avolio (1994), to explore the perceptions of the followers regarding various leadership styles that might impact their satisfaction and their perception regarding the effectiveness of the leadership styles.

5.3 Data Collection and Analysis

The targeted sample for this study was 294 respondents. A well-structured questionnaire was distributed to the respondents through face-to-face data collection. In some rare cases, where the respondents were not easily reachable, an online survey was used via Google Form through different online media. The collected data were analyzed using the research software IBM SPSS version 26, Smart PLS version 3, and IBM Amos version 23. Several statistical analyses, such as descriptive, regression, correlation, and Structural Equation Modeling, were used to analyze and interpret the data.

5.4 Pilot Study

A pilot study was conducted with 30 participants. After obtaining a sufficient reliability value (above .7), the researcher proceeded with the final survey.

5.5 Data Reliability and Validity

Several measures were undertaken to achieve the highest levels of data validity and reliability. This study

used alpha to assess the reliability of the data in the initial stage of the survey. As mentioned earlier, a pilot study was conducted before the final survey. In addition, the study used several reliability measures, such as Cronbach's alpha, composite reliability (CR), and rho_a, and assessed the validity of the data by evaluating convergent and discriminant validity statistics. Among the collected data, the study found 305 usable responses and analyzed them using SPSS. The following are the different statistical analyses and interpretations for the respondents' demographic profile, reliability and validity statistics, and the results of hypothesis testing.

5.6 Respondents' Profile

Of the participants, 41% were women and 59% were men. Of them, 49.5% held a bachelor's degree, and 35.1% held a master's degree. The majority of participants (58.4%) had worked for their respective companies for two to four years. The participants' demographic details are presented in Table 1.

Table 1. Respondents' demographic characteristics

Particulars	Variables	Frequency	Percent
Gender	Male	180	59%
	Female	125	41%
	Total	305	100%
Age Limit	20-25	99	32.5 %
	26-31	140	45.9 %
	32-37	39	12.8 %
	38-43	20	6.6 %
	44-Above	7	2.3 %
	N	305	100%
Marital Status	Single	176	57.7 %
	Married	128	42.0 %
	Divorced/ Widowed	1	.3 %
	N	305	100 %
Education	SSC	1	.3 %
	HSC	32	10.5 %
	Bachelor	151	49.5 %
	Masters	107	35.1%
	Above Masters	14	4.6 %
	N	305	100%
Experience	2 years to 4 years	178	58.4 %
	5 Years to 7 Years	49	16.1%
	8 years to 10 years	44	14.4 %
	More than 10 years	34	11.1 %
	Total	305	100 %
Monthly income	Below BDT. 20,000	100	32.8 %
	BDT. 21000-30000	71	23.3 %
	BDT. 31000-40000	39	12.8 %
	BDT. 41000-50000	30	9.8 %
	Above BDT. 50,000	65	21.3 %
	N	305	100 %

Source: Authors Derived.

5.7 Reliability and Validity Analysis

This study considered composite reliability (CR) and Cronbach's alpha (rho_Alpha or rho_A) to evaluate the reliability of the data. Theoretically, a value greater than 0.70 for composite reliability, rho_A, and Cronbach's alpha indicates satisfactory reliability [80,81]. Table 2 below demonstrates that all of the constructs have values for rho_A, composite reliability (CR), and Cronbach's alpha that are greater than 0.7, beyond the suggested threshold, indicating that the constructs are considered to have appropriate reliability.

Table 2. *Construct's Reliability and Validity*

Constructs	No. of Items	Validity	Reliability			
			Factor Loadings	AVE	Cronbach's Alpha	Rho_A CR
Transformational Leadership (TFL)				0.581	0.943	0.944 0.948
Idealized Influence (Attributes) (TFL_IIA)	4	0.84–0.89	0.636	0.808	0.814	0.875
Idealized Influence (Behavior) (TFL_IIB)	4	0.75–0.82	0.568	0.746	0.750	0.840
Inspirational Motivation (TFL_IM)	4	0.79–0.85	0.624	0.799	0.801	0.869
Intellectual Stimulation (TFL_IS)	4	0.80–0.91	0.645	0.816	0.819	0.879
Individual Consideration (TFL_IC)	4	0.78–0.88	0.624	0.798	0.808	0.869
Transactional Leadership (TSL)				0.579	0.849	0.861 0.877
Contingent Reward (TSL_CR)	4	0.83–0.88	0.649	0.818	0.821	0.881
Management by Exception (Active) (TSL_MBE_A)	4	0.76–0.82	0.610	0.787	0.790	0.862
Management by Exception (Passive) (TSL_MBE_P)	4	0.81–0.89	0.670	0.836	0.838	0.890
Laissez-faire Leadership (LFL)	4	0.94–0.96	0.710	0.851	0.957	0.879
Leadership Effectiveness	4	0.79–0.88	0.649	0.819	0.819	0.881
Leadership Satisfaction	2	0.80-0.89	0.828	0.794	0.804	0.906

Source: Authors Derived

The analysis was conducted in two steps: First, we examined the overall model's fit. Convergent validity is deemed adequate when item/factor loadings are equal to or greater than 0.70 and measurement constructs have an average variance extracted (AVE) of at least 0.50 [82]. The item loadings are shown in the table above. The loading values ranged from 0.701 to 0.948, which were larger than the recommended amount. The AVE (Table 2), ranging from 0.568 to 0.71, is also higher than the suggested value. Thus, the requirements for convergent validity were satisfied.

Table 3. *Fornell-Larker Criterion (FL test)*

Constructs	Laissez-Faire Leadership (LFL)	Leadership Effectiveness	Leadership Satisfaction	TFL_IC	TFL_IIA	TFL_IIB	TFL_IM	TFL_IS	TSL_CR	TSL_MBE_A	TSL_MBE_P
Laissez-Faire Leadership (LFL)	0.841										
Leadership Effectiveness	0.076	0.806									
Leadership Satisfaction	0.063	0.717	0.910								
TFL_IC	0.036	0.634	0.647	0.790							
TFL_IIA	0.065	0.636	0.609	0.714	0.798						
TFL_IIB	0.096	0.591	0.537	0.731	0.739	0.754					
TFL_IM	0.106	0.626	0.588	0.704	0.714	0.738	0.790				
TFL_IS	0.077	0.659	0.556	0.751	0.710	0.708	0.709	0.803			
TSL_CR	0.055	0.669	0.619	0.732	0.628	0.657	0.614	0.647	0.806		
TSL_MBE_A	-0.088	0.522	0.421	0.498	0.445	0.497	0.463	0.492	0.578	0.781	
TSL_MBE_P	-0.596	0.165	0.156	0.161	0.178	0.192	0.141	0.161	0.249	0.328	0.818

Source: Authors Derived

Discriminant validity was evaluated by considering the square root of the AVE (FL-test; see Table 3) and the HTMT-test (see Table 4). A construct's square root of the AVE must be greater than its correlation with other constructs to have sufficient discriminant validity [83]. The square root of the AVE for each latent construct was greater than its matching correlation, indicating that the data had good discriminant validity. Additionally, every other inter-item correlation fell below the .80 cutoff [84], demonstrating the uniqueness of each construct in the study.

Table 4. *Results of the HTMT test*

Constructs	Laissez-Faire Leadership (LFL)	Leadership Effectiveness	Leadership Satisfaction	TFL_IC	TFL_IIA	TFL_IIB	TFL_IM	TFL_IS	TSL_CR	TSL_MBE_A	TSL_MBE_P
Laissez-Faire Leadership (LFL)											
Leadership Effectiveness	0.143										
Leadership Satisfaction	0.058	0.887									
TFL_IC	0.107	0.779	0.803								
TFL_IIA	0.066	0.780	0.757	0.883							
TFL_IIB	0.124	0.750	0.692	0.837	0.849						
TFL_IM	0.099	0.772	0.723	0.876	0.884	0.851					
TFL_IS	0.075	0.804	0.689	0.823	0.869	0.803	0.873				
TSL_CR	0.063	0.817	0.766	0.799	0.770	0.839	0.758	0.793			
TSL_MBE_A	0.177	0.464	0.527	0.617	0.554	0.638	0.581	0.607	0.715		
TSL_MBE_P	0.770	0.197	0.188	0.194	0.214	0.244	0.176	0.190	0.298	0.399	

Source: Authors Derived.

When using the HTMT-test, discriminant validity between two reflective conceptions is demonstrated if the HTMT value is less than .90 [85]. According to the analysis, every single HTMT reading was less than .90. Thus, the prerequisites for discriminant validity were satisfied.

5.8 Test of Hypotheses

Based on the measurement model, which was found to be a good fit, Structural Equation Modelling (SEM) (Figure 1) was used to test the hypothesized relationship between the pathways. According to the conceptual model, this study uses t-statistics and the beta coefficient (β) to test the relationships between the constructs. Table 5 presents the results of the hypothesis testing for the research model. The information in the following table shows that both transformational and transactional leadership significantly improved the leadership performance and results. This suggests that the effectiveness of leaders' interactions and activities is influenced by both transformational and transactional leadership styles, which in turn motivates more effort and higher levels of subordinate satisfaction. Thus, H1 (a and b) and H2a were supported.

However, it was discovered that the laissez-faire leadership style had no appreciable effect on either the effectiveness of leadership or the level of satisfaction that followers had with their leaders. Hypotheses H3 (a and b) are therefore unsupported. This implies that followers do not think that the laissez-faire leadership style works, and consequently, followers' satisfaction with their leaders is not significantly impacted by the laissez-faire leadership style. As shown in Table 5, the influence is noteworthy in relation to H4. This suggests that followers' satisfaction is significantly influenced by leaders' efficacy. Thus, H4 is accepted.

Table 5. Results for the hypothesis testing

Hypotheses	B	T value	P-Value	Supported
H1a: Transformational Leadership -> Leadership Effectiveness	0.49***	7.472	***	Yes
H1b: Transformational Leadership -> Leadership Satisfaction	0.277***	3.696	***	Yes
H2a: Transactional Leadership -> Leadership Effectiveness	0.314***	4.393	***	Yes
H2b: Transactional Leadership -> Leadership Satisfaction	0.074	1.123	*	No
H3a: Laissez-Faire Leadership -> Leadership Effectiveness	0.093	1.71	n.s.	No
H3b: Laissez-Faire Leadership -> Leadership Satisfaction	0.018	0.394	n.s.	No
H4: Leadership Effectiveness -> Leadership Satisfaction	0.471***	6.685	***	Yes

In the current research, while the effect of transformational leadership is strong, significant effects on effectiveness ($B = 0.49$) and satisfaction ($B = 0.277$) are exhibited, although with a smaller magnitude but still large. The stronger influence on leadership effectiveness indicates that transformational leadership has a greater impact on how followers view their leaders' effectiveness, which is a critical motivator of organizational effectiveness.

The impact of transactional leadership on leadership effectiveness ($B = 0.314$) was moderate and statistically significant, revealing that transactional leadership can effectively affect performance outcomes. However, the impact on satisfaction ($B = 0.074$) was low and insignificant ($p > 0.05$). The results indicate that transactional leadership can help achieve specific objectives. Nevertheless, it does not generate a significant increase in follower satisfaction, and in this sense, its contribution to generating long-term commitment and happiness among employees is limited.

Conversely, laissez-faire leadership did not significantly affect leadership effectiveness ($B = 0.093$) or satisfaction ($B = 0.018$) in this study. These findings provide further evidence to earlier work that supports the argument of the ineffectiveness of laissez-faire leadership in driving meaningful organizational outcomes.

In addition, the association between leadership effectiveness and satisfaction ($B = 0.471$) was strong, such that when leaders were described as effective, followers were much more satisfied. This emphasizes the need for quality leadership to positively influence employees; leadership effectiveness is strongly linked to overall employee satisfaction and engagement.

6. Discussions

The first research question of this study aimed to explore the dimensionality of the MLQ-5X. These results reinforce the view that both transactional and transformational leadership significantly predict leadership outcomes. This study found that these leadership styles affect the motivation, satisfaction, and effectiveness of the actions taken by individuals in the workplace.

6.1 Implications of Transformational Leadership

Transformational leadership has been widely accepted as a predictor of psychological empowerment and employee engagement. This leadership approach encourages followers to act beyond their self-interest for the good of the organization and encourages a culture of development alongside high motivation. These leaders are energetic, have a strong focus on team development, and regularly demonstrate a strong commitment to both individual and collective growth within the organization (Judge and Piccolo, 2004).

Critical aspects such as idealized influence and individualized consideration have proven instrumental in significantly augmenting follower satisfaction, even among employees with needs congruent with the basic features of organizational life. Followers who work for transformational leaders have greater commitment and are more focused on organizational goals. This is consistent with the existing tradition, which focuses on the positive relationship between transformational leadership and high levels of employee engagement, performance, and satisfaction (Breevaart et al., 2014; Hoch et al., 2018).

6.2 Implications of Transactional Leadership

Although transactional leadership is still a necessary and useful style of leadership in modern business, its impact on developing high levels of employee engagement is not as strong as that of transformational leadership (TL). Transaction leaders use clear goals and specific reward systems to motivate employees, which can enhance short-term job satisfaction and performance. However, the affective and longer-term effects of this style on followers are less pronounced (Judge and Piccolo, 2004). Transactional theoretical frameworks can lead to short-term targets, along with day-to-day operations, and miss the deeper levels of commitment and internal motivation of employees. Organizations oriented toward transactional thought must build on this to achieve higher levels of satisfaction and engagement (Breevaart et al., 2014).

6.3 Laissez-Faire Leadership: Lack of Effectiveness

Laissez-faire leadership has a strikingly different profile from transformational and transactional leadership, demonstrating no substantial positive relationships with desirable leadership outcomes, such as employee performance or job satisfaction. Autonomy, low direction from leadership, and a hands-off approach breed demotivation, lack of direction, and even more stress among less experienced/younger staff (Skogstad et al., 2007).

The passive style of laissez-faire leadership is especially difficult when active leadership is required. Stalled or misguided teams can develop without leadership intervention, further contributing to organizational traps and inefficiencies, particularly among less-experienced staff. Although there is some evidence that this approach may be effective in highly skilled and self-directed teams, its effectiveness in groups in need of development or where more structured oversight is required is somewhat less (Skogstad, Dirks, & Einarsen, 2007).

6.4 Academic and Managerial Implications

This study offers significant academic and managerial contributions, particularly with respect to the leadership dynamics in emerging countries. It builds on the theoretical foundation of how diverse leadership styles influence employee satisfaction and effectiveness in a non-Western organizational context, focusing on transformational leadership (Hossain and Saleh, 2023). The results point to the importance of cultural and organizational influences on the degree to which leadership impacts these variables, extending current leadership theories and illuminating the situational nature of leadership effectiveness (Northouse, 2024).

The study's managerial implications include specific recommendations for organizations to improve leadership effectiveness and employee outcomes. It is recommended that department heads include transformational leadership development in training, because transformational leadership is significantly related to higher job satisfaction, motivation, and organizational performance (Avolio & Bass, 2022). Intervention in the form of the development of transformational leadership behaviors can create a more supportive organizational climate and can enhance both job satisfaction and overall productivity, a crucial focus for organizations in Bangladesh and other third-world economies because of the need for effective leadership to drive growth and competitiveness (Hossain & Saleh, 2023).

HR management implications in terms of selection suggestions and career planning are also evident. Promotion of transformational leadership has concrete helpful effects in turnover reduction and reproduction of organization subordinates, since the behavior used in transformational leadership increases the morale among such employees and makes them feel more satisfied (Avolio & Bass, 2022). HR can leverage such insights to sharpen their leadership assessments and assure a focus on the ability to inspire, motivate, and effectively manage teams in the selection and development of leaders. Moreover, "making leadership development consistent with employees' inward reward systems is very important in enhancing organizational commitment and reducing turnover" (Northouse, 2024).

This study further strengthens the importance of transformational leadership in overall organizational achievement and offers actionable directions for HR practitioners on how to raise employee engagement, job satisfaction, and sustainable growth. Similarly, it will add to the body of knowledge by suggesting an area for future studies as to what differences within contexts exist in leadership effectiveness and how leadership can be modified to suit the needs of a globalized workforce, especially in third world countries (Hossain & Saleh, 2023; Northouse, 2024).

7. Limitations & Future Research Direction

This study is a crucial step toward expanding our understanding of leadership skills and their use in private companies in Bangladesh. However, there are limitations from both methodological and psychometric standpoints. One of the significant limitations is the cross-sectional design of the study, which prevents us from building causal effects. Cross-sectional designs offer a contingent picture at a single point in time; that is, a temporal sequence between cause and effect does not exist, resulting in poor estimates and difficulty in determining model parameters (Northouse, 2010). In light of these limitations, longitudinal designs should be employed in future research to maximize the evidence and investigate how leadership attitudes and behaviors evolve over time.

Moreover, this study supplies a reasonable data-driven model, but it is less distinguishable from Bass's (1969) model than is commonly assumed. This lack of distinction could be due to the data-collection method. Finally, the literature contends that leadership perceptions are situational and industry-dependent; hence, contextual factors, including culture, may drive leadership perceptions. For future studies, the inclusion of more diverse and larger samples to facilitate more accurate generalization across sectors and cultural backgrounds is ideal (Hossain & Saleh, 2023). For instance, alternative three-factor models can be developed for Western samples, and the structure of the MLQ might differ culturally between countries, such as in Bangladesh. This underscores the need for additional research that considers sociocultural moderators in leadership, and in doing so, adds to our understanding of what leadership looks like in a developing context.

It should be noted that this study used narrow indicators of workplace performance and WS. Although the three measures were chosen because they have been widely used and exhibited reliability in previous research, researchers in this field might want to include additional measures in future projects, such as emotional intelligence and organizational citizen behavior (Avolio & Bass, 2022). Knowledge of how these factors modify the MLQ would expand our understanding of how leadership style shapes the leader-subordinate relationship and, thereby, aggregate organizational performance.

Furthermore, we must realize that self-selection bias may have been introduced because we used an online survey method in this study. Although the bias and non-representativity of the sample were minimized through the random sampling method, it could still be a limitation of the study. This could be an issue for future studies to consider, such as paying respondents to participate (e.g., payment or some other incentive) to maximize the response rate and obtain a more diverse sample. This may help make the sample more representative of the general population (Hossain & Saleh, 2023).

Ultimately, the results of this study indicate that the MLQ 5X can be used with confidence in subsequent research as a psychometric instrument for examining leadership style. However, its psychometric validity in similar conditions should be further examined to ensure its cross-context and cross-population applicability (Avolio & Bass, 2022).

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