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## **Effect of Leadership Styles on Employees' Motivation: The Case of Selected Multi-National Corporations in Addis Ababa.**

A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Master of Science in International Business (MSc. IB)

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**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS**

**January, 2025 G C**

**Addis Ababa, Ethiopia**

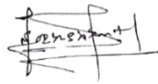
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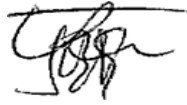
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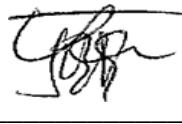
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## Abstract

*This study is deployed to examine the effects of leadership styles on employee motivation within six selected multinational corporations (MNCs) located in Addis Ababa, Ethiopia. The primary objectives include identifying the leadership styles practiced, examining the components of leadership styles that significantly influence motivation, assessing the relationship between transformational, transactional, and laissez-faire leadership styles with motivation, and identifying the dominant leadership style for enhancing employee motivation. A survey was distributed to 154 employees, with 138 fully completed responses analyzed using SPSS Version 24. To address this concern, on the theoretical literature review touches Trait, Behavioral and Contingency or situational approach that are related to leadership styles and regarding the dependent variable motivation Abraham's Maslow Hierarchy of need theory and expectancy theories were discussed. The findings indicate that transformational leadership, with dimensions such as idealized influence and inspirational motivation, has the most significant positive effect on employee motivation, followed by transactional leadership. On the contrary Laissez-faire leadership exhibited a negative relationship with motivation. Multiple regression analysis confirmed that leadership styles account for 74.3% of the variance in employee motivation, with transformational leadership emerging as the dominant style. The study highlights that organizational politics and bias associated with leadership dimensions, particularly idealized influence and inspirational motivation, may hinder fair promotions. Employees reported satisfaction with benefits and promotion opportunities but indicated areas for improvement in skills development and work activities. Recommendations include implementing unbiased performance evaluations, enhancing inter-departmental communication, and investing in staff training. Future research could explore leadership styles' effects on other sectors, such as healthcare or banking and examine cultural influences on motivation within MNCs with organizational politics as a mediator.*

**Key words:** *Multi-national Corporations (MNCs), Leadership styles, Transactional, Transformational and Laissez-faire, Employees' Motivation*

## Table of Content

Declaration . . . . .	ii
Statement of Certificate . . . . .	iii
Acknowledgment . . . . .	v
Abstract . . . . .	vi
Table of Content . . . . .	vii
List of Tables . . . . .	x
List of Figures . . . . .	xi
Acronyms . . . . .	xii
CHAPTER ONE . . . . .	1
INTRODUCTION . . . . .	1
1.1 Background of the study . . . . .	1
1.2 Statement of the problem . . . . .	3
1.3 Significance of the study . . . . .	4
1.4 Scope or delimitation . . . . .	5
1.5 Research questions . . . . .	6
1.6 Objectives of the study . . . . .	6
1.6.1 General Objectives . . . . .	6
1.6.2 Specific Objectives . . . . .	6
1.7 Definition of terms . . . . .	6
1.8 Organization of the thesis . . . . .	7
CHAPTER TWO . . . . .	8
LITERATURE REVIEW . . . . .	8
2.1 Concept and definition of leadership, leadership styles and motivation . . . . .	8
2.2 Theoretical Review . . . . .	9
2.3 Leadership models . . . . .	11
2.3.1 Transactional leadership . . . . .	12
2.3.2 Transformational Leadership . . . . .	14

2.3.3 Laissez – faire leadership (LF) . . . . .	16
2.4 Motivation . . . . .	17
2.5 Theories of Motivation . . . . .	19
2.6 Empirical Review . . . . .	21
2.6.1 Job Satisfaction . . . . .	22
2.6.2 Reward . . . . .	22
2.6.3 Recognition. . . . .	23
2.7 Conceptual Framework . . . . .	23
CHAPTER THREE . . . . .	24
RESEARCH METHODOLOGY . . . . .	24
3.1 Research approach. . . . .	25
3.2 Research design. . . . .	25
3.3 Population and Sampling Method . . . . .	25
3.3.1 Populations of the study . . . . .	25
3.3.2 Target population . . . . .	26
3.3.3 Sampling Design . . . . .	26
3.4 Sources of data . . . . .	27
3.5 Data collection instrument . . . . .	27
3.5.1 The Multifactor Leadership Questionnaire (MLQ) . . . . .	28
3.5.2 The employees` motivation Survey. . . . .	29
3.6 Data Analysis . . . . .	30
3.6.1 Descriptive Analysis . . . . .	31
3.6.2 Correlation analysis . . . . .	31
3.6.3 Regression analysis . . . . .	31
3.7 Validity and Reliability . . . . .	32
3.7.1 Validity . . . . .	32
3.7.2 Reliability. . . . .	32
3.8 Ethical Considerations . . . . .	32
CHAPTER FOUR . . . . .	33
4. PRESENTATION AND DATA ANALYSIS . . . . .	33
4.1 Response Rate. . . . .	33

4.2 Reliability and Validity analysis . . . . .	34
4.3 Demographic characters . . . . .	36
4.3.1 Distribution of Respondents by Gender . . . . .	36
4.3.2 Distribution of Respondents by age . . . . .	37
4.3.3 Distribution of Respondents by Education Level . . . . .	38
4.3.4 - Distribution of Respondents by Work Experience, Job position and Number of subordinates . . . . .	39
4.4 Descriptive statistics of the variables . . . . .	40
4.5 Correlation analysis . . . . .	42
4.6 Regression analysis . . . . .	45
4.7 Assumptions Testing in Multiple Regressions . . . . .	46
4.7.1 Normality Test . . . . .	46
4.7.2 Autocorrelation test . . . . .	47
4.7.3 Multi-col-linearity test . . . . .	47
4.7.4 Assumptions of homoscedasticity . . . . .	48
4.7.5 Linearity Test and Outliers. . . . .	49
CHAPTER FIVE. . . . .	54
SUMMARY CONCLUSIONS AND RECOMMENDATIONS . . . . .	54
5.1 Summary of findings . . . . .	54
5.2 Conclusion . . . . .	57
5.3 Recommendation . . . . .	58
5.4 Limitations . . . . .	58
5.5 Future study recommendations . . . . .	59
References . . . . .	60
Appendix 1 . . . . .	66
Appendix 2- Questionnaires . . . . .	69

## List of Tables

Table 1- Target population. . . . .	25
Table 2- Sample size distribution of target population. . . . .	26
Table 3- Multifactor Leadership Questionnaire . . . . .	29
Table 4- Employees Motivation Survey . . . . .	30
Table 5- Response rate. . . . .	34
Table 6- Returned Questionnaires . . . . .	34
Table 7- Reliability Statistics of the MLQ . . . . .	35
Table 8- Gender of respondents . . . . .	36
Table 9- Age of respondents . . . . .	37
Table 10 - Educational distribution of the respondents. . . . .	38
Table 11 - Demographic characteristics of respondents by work experience, job position and no. of subordinates under their supervision . . . . .	39
Table 12 - Mean and Standard deviation of transformational, transactional and laissez fair leadership styles . . . . .	40
Table 13 - Mean and Standard deviation of dimensions of motivation . . . . .	41
Table 14 - Correlation analysis between independent variables with the dependent variable (motivation) . . . . .	43
Table 15 - Correlation analysis between transformational dimensions with the dependent variable (motivation) . . . . .	44
Table 16 - Correlation analysis between transactional dimensions with the dependent variable (motivation) . . . . .	45
Table 17- Durbin Watson Statistics. . . . .	47
Table 18- Col-linearity statistics test of independent variables . . . . .	48
Table 19- The model summary for the regression result . . . . .	50
Table 20- ANOVA result of regression model . . . . .	51
Table 21 a - Coefficients of the multiple regression model result of independent variables . . .	52
Table 22 b - Coefficients of the multiple regression model result of independent variables . . .	52

## List of Figures

Figure 1 - Interrelationships among levels of leadership analysis . . . . .	12
Figure 2- Transactional Leadership Style (Nemai, 2012) . . . . .	13
Figure 3- CVF Model of effectiveness. . . . .	14
Figure 4- Transformational Leadership components. . . . .	16
Figure 5 - Demonstration of the laissez - Faire, Transactional and Transformational leadership styles. . . . .	17
Figure 6- Conceptual Diagram. . . . .	24
Figure 7- Distribution of respondents by gender. . . . .	36
Figure 8- Distribution of respondents by age . . . . .	37
Figure 9- Distribution of respondents by educational background. . . . .	38
Figure 10- Histogram. . . . .	46
Figure 11 - Scatterplot of standardized residuals . . . . .	49
Figure 12 - Scatterplot of standardized residuals for linearity . . . . .	50

## Acronyms

<b>CVF</b>	–	Competing value framework
<b>EMS</b>	–	Employees motivation survey
<b>CELU</b>	–	Confederation of Ethiopian Labor Unions
<b>FDI</b>	–	Foreign direct investment
<b>GDP</b>	–	Gross domestic production
<b>HR</b>	–	Human resource
<b>HRM</b>	–	Human resource management
<b>II</b>	–	Idealized influence
<b>IM</b>	–	Inspirational motivation
<b>IS</b>	–	Intellectual stimulation
<b>LF</b>	–	Laissez faire
<b>LPC</b>	–	Least preferred co-worker
<b>MLQ</b>	–	Multifactor leadership questionnaire
<b>MNCs</b>	–	Multi National Corporations
<b>SDT</b>	–	Self-determination theory
<b>SPSS</b>	–	Statistical package for social science
<b>VIF</b>	–	variation inflation factor
<b>ANOVA</b>	–	Analysis of variance

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

The performance of a company and the welfare of its employees are largely dependent on the link that exists between human resources (HR), leaders, and leadership styles. The strategic role of human resource management (HRM) is to oversee the management of an organization's most important asset, which is its human capital. HRM encompasses various activities, including recruitment, selection, training, performance management, and employee relations (Barney & Wright, 1998).

Leaders, on the other hand, are individuals within an organization who guide, inspire, and influence others toward achieving common goals. Leaders have a unique personality rather than other people: the DNA of leaders is their attitude and attitude is a product of belief system. A true leader creates another leader. ``An army of sheep led by a lion will always defeat an army of lions led by a sheep because leadership can transform cowardly warriors`` which dictates leadership plays an inimitable part in achieving organizational goals (Mirae, 2020).

A leader's behavior in interacting with their followers is referred to as their leadership style. It includes aspects like motivation, communication, decision-making, and handling conflict. Different leadership styles, such as transformational, transactional, democratic, autocratic, and laissez-faire, have distinct effects on organizational culture, employee engagement, and performance outcomes (Avolio & Bass, 1994).

According to Milyadi and Rival (2009), leaders in this day and age must be able to think in addition to acting in a leadership capacity. The performance of workers inside an organization can therefore be influenced by an employer's leadership style. Stated differently, the way a leader leads an organization has a significant impact on its operations and the road to achieve organizational goals and objectives.

Additionally, motivation at work is a critical component of a business, perhaps more so than leadership style. Work motivation, according to Handoko (2003), is a person's personal

circumstances that motivate them to carry out certain tasks in order to accomplish a goal (Northouse, 2021)

An MNC is characterized as a business entity that functions in at least one country and gains not less than 25 % of its income from global activities. In the context of Ethiopia, a multitude of MNCs partake in various forms of business activities, such as franchising, licensing, joint ventures, and Foreign Direct Investment (FDI). This research specifically concentrates on FDI entities that exert a considerable influence on the nation's economy and (GDP) gross domestic product (Hill, 2019). The following are selected MNCs' background:

**Huajian Shoes** began producing shoes in Ethiopia in January 2012 and the company now employs 2,500 people in the country, 90% of whom are local. Huajian currently exports more than \$1m worth of shoes from Ethiopia to Europe and the US each month.

**Heineken Brewery Ethiopia** started its operations in Ethiopia in 2011 by acquiring Harar and Bedele breweries. In 2015, Heineken Ethiopia opened its largest brewery in Ethiopia at Kilito near Addis Ababa. Heineken invested EUR310 million in setting up this new brewery, making it the biggest brewery in the country.

**Dangote Cement Ethiopia PLC**, established in 1981, is a division of Dangote Industries, a trade company that imports bagged cement and other goods. With a \$650 million budget, the company built a cement plant in Muger, Ethiopia, capable of producing 30% of the world's cement annually.

**Unilever Manufacturing PLC** was established in 2015 in Ethiopia and is already supporting a growing network of Ethiopian suppliers, distributors and traders. The company continues to add capacity in local manufacturing in Ethiopia, after onshoring Soaps, Detergent Powders and Bouillons. Unilever Manufacturing Ethiopia is located in Addis Ababa, Ethiopia.

**Agriher Trading PLC** – was established in Addis Ababa Ethiopia which is engaged in distribution of chemicals, fertilizers and other agricultural inputs for flower farms.

**Tecno Telecom Ltd** a Hong Kong-based mobile manufacturer established in 2006 launched operations in Ethiopia in September of 2011 with a capital investment of more than 1 million US dollars. The investment launched in Ethiopia is part of the larger plan the company has to increase its presence on the African Market.

This research tries to address the gap in determining the effective association between leadership style and employees' motivation on the above selected multi-national corporations.

## **1.2 Statement of the problem**

Employees have a major role in helping the organization achieving its goals. When we come to multinational businesses (MNCs), where management and leadership methods are exposed to cultural, legal, and economic environment challenges, motivation is an essential element of organizational success.

Effective leaders rely on emotional appeals to help convey their messages. (Stephen P. Robbins, 2013). Retention rates, employee happiness, and organizational performance are all greatly impacted by leadership styles but it is still unclear how exactly different types of leadership styles motivate people in these complex environments.

The subject of employee motivation has drawn a great deal of interest from both managers and scholars (Selva mani, 2024). Without personnel, no firm could possibly flourish, as it is widely understood. A company's ability to survive for a long period is primarily dependent on its workforce.

The management of expatriates along with local employees and the dynamics of power in the process remain scares especially in the knowledge-intensive sectors (Fei, 2021). In practice the language, work ethics and cultural dimension differences create a barrier in the effective communication and motivation of expatriates.

Leadership style has a major impact on employee motivation, which is a good measure of how well a firm is doing. Numerous studies have shown how important emotions and moods are to motivate employees on their jobs. (Stephen P. Robbins, 2013). Many cultural, economic, and legal contexts in which multinational corporations (MNCs) operate make the relationship between leadership styles and motivation inside these organizations even more delicate (House, 2004) Northouse, 2018).

In light of the global competition for organizations to produce higher-quality products at lower costs while still managing a diverse workforce, (Fugate, 2012) contend that effective employee motivation is and has been one of the most significant yet challenging responsibilities of management, and that its success has become more consequential now than ever. When workers

are involved in contributing strategically and effectively to the accomplishment of significant goals inside their businesses, they are more likely to feel inspired and dedicated to the outcome.

Therefore unseeing the problem may result in dissatisfaction and lack of motivation to complete their tasks this would result in failure to succeed in our organizational objectives. Most scholars made studies on the Hofstede's cultural dimensions model effects on the practice of recruiting and assigning of projects in multinational companies. Nevertheless, the employee motivation and finalizing their task for long year projects of expatriates is still under question.

A lack of research has been done on MNCs found in our state, despite the fact that these organizations plays a pivotal role in the economy plus should be more involved in addressing the issue of leadership styles like transformational, transactional, and laissez-faire. These leadership styles have been examined in Ethiopia's higher education institutions, government-owned and private banks, and other government institutions.

Tilahun Wolde, (2020) conducted a research in Factors Affecting Employees Job Motivation: A study on Addis Ababa City Road Authority the results demonstrate a favorable relationship between transformational and transactional leadership styles and workers' job satisfaction. The findings also show that workers were more content with transformational leadership styles than with transactional ones.

Yoseph Kenti ba, (2020) made a research on the title Impact of leadership style on public service employees Job Satisfaction in Jimma Zone the study findings shows that transactional leadership style was not as such better predictor of job satisfaction in public organization, transformational leadership style was the Powerful predictor of job satisfaction and Laissez faire leadership style had no significant impacts on employees' job satisfaction of public Sectors. Leaders who use laissez faire leadership style, tends to reduce employee's job satisfaction.

Additional studies (Hifaelaf D, Dr. Yohannes) suggest there is a favorable correlation between employees' job motivation and leadership styles. The purpose of this study is to determine whether leadership style in Addis Ababa's Multinational Companies affects workers' job motivation.

### **1.3 Significance of the study**

In basic terms, research investigations are valuable instruments for making decisions. Organizational choices may not be realistic in their applicability or application and may result in

incorrect conclusions if they are not backed by relevant research and assessments. The study was utilized by readers, other stakeholders, and organizations. It might be important for MNCs managers to implement new tactics, develop workable policies, inspire different types of motivation in their staff, and enhance output.

Similar to previous studies, the conclusions and suggestions made by this one can serve as a benchmark for other local researchers, the majority of whom are not particularly interested in studying the Multinational Corporations.

In conclusion, this study could be employed by governmental entities such as the Ministry of Trade, the Investment Office, and various civil organizations like Workers Federations (CELU) to explore the perspectives of Multinational corporation employees on their job performance and driving factors. Moreover, it possesses the potential to influence the development of strategies concerning the administration of human resources.

#### **1.4 Scope or delimitation**

This research aims to examine the impact of transformational, transactional, and laissez-faire leadership styles on the employees' motivation. The study applies of quantitative methodologies (e.g., questionnaires) and qualitative approaches (e.g., interviews, focus groups) to a mass information from staff members and executives within these organizations. A mixed or empirical research approach will be employed, along with an explanatory research design, to measure the correlation between various dimensions of leadership styles and employees' motivation.

The geographical focus on the industry zones found in Addis Ababa City located in Akaki and Lemkura Sub cities MNCs from diverse industries such as manufacturing, service, technology, and more. The study examines different leadership styles, encompassing transformational, transactional, participative, authoritarian, and laissez-faire in addition examination of factors impacting employee motivation, engagement, productivity, and workforce retention.

We will try to collect the feedbacks from various levels of demographic variables (e.g., age, gender, educational attainment, job role) could moderate the association between leadership approach and incentive.

## **1.5 Research questions**

The central research question guiding this study is:

- ❖ **How do different leadership styles impact the motivation of employees within multinational corporations in Ethiopia?**

Supporting sub-questions include:

- Which leadership styles are most prevalent in MNCs operating in Ethiopia?
- What specific aspects of employee motivation are most influenced by leadership styles?
- What is the magnitude of transformational, transactional and laissez faire leadership on employees' motivation?

## **1.6 Objectives of the study**

### **1.6.1 General Objectives**

To examine the impact of different leadership styles on employee motivation within multinational corporations (MNCs) and identifying which leadership styles most effectively enhance employees' motivation

### **1.6.2 Specific Objectives**

- To examine which leadership style are most practiced in Ethiopian MNCs
- To examine what specific aspects of employees motivation are influenced by leadership style
- To examine the magnitude of transformational, transactional, and laissez faire leadership on employees' motivation?

## **1.7 Definition of terms**

MNCs means multinational corporations, HR (Human resource), HRM (Human resource management), leadership styles, employees motivation, transactional, transformational and laissez faire.

## **1.8 Organization of the thesis**

The study is organized with the following five chapters; each has a specific and different purpose: Chapter one includes Background of the study, Statement of the problem, Significance of the study, Scope or delimitation, Objectives (General and Specific), Research questions, Limitation of the study, Organization of the thesis, Key terms & Definitions. The second chapter consists Literature review and Conceptual framework. The third chapter discuss the research design and methodology of the study. Results and discussion are discussed under chapter four. The last chapter is about summary of major findings, conclusions and recommendations.

## CHAPTER TWO

### LITERATURE REVIEW

This portion of the research observes into leadership styles and work motivation within multinational corporations in Ethiopia, utilizing a combination of literature review and empirical research. The theoretical framework is crafted in response to the identified issues. The examination digs into the heart, explanation, and frameworks of leadership, emphasizing the connection between leadership styles and employee motivation, on an area of MNCs previously investigated by scholars.

#### **2.1 Concept and definition of leadership, leadership styles and motivation**

The notion of leadership comprises the capability to influence and lead a collective of individuals or an individual towards the achievement of predetermined goals and targets. Leaders play a pivotal role in motivating and energizing individuals to work towards a shared objective or aspiration. The key elements of proficient leadership encompass setting a coherent course of action, exercising sound decision-making, and fostering a positive organizational climate (Furqon, 2023).

Leadership is essential for organizational success, influencing human resources and providing a competitive advantage. Leaders must enhance employee motivation to engage and motivate employees. (Batista-Taran, 2009)

Leadership plays a crucial role in influencing the motivation, dedication, and performance of employees in MNCs. Various effective leadership styles have the potential to foster an atmosphere that stimulates employees to strive for excellence, whereas ineffective styles may compromise morale and productivity. This review of literature delves into the empirical findings concerning the impact of different leadership techniques on employee motivation within the realm of multinational corporations (Ahmad, 2001).

Motivation in psychology is a complex concept defined by various authors. Dr. Dharvir M Gurjar emphasizes that motivation stems from internal desires and aims to stimulate individuals towards goal achievement (Dr., 2022).

Clarite Yepes, Deisy Rocio, further to elaborate on motivation as the driving force behind workers' efforts to achieve organizational goals, influenced by individual needs and various motivational theories such as Maslow's hierarchy of needs, McClelland's Theory, Herzberg's Two Factor Theory, X and Y Theory, and Expectancy Theory (Dr., 2022).

Additionally, Stella Wellington Igoni bo highlights the significance of motivation in education, stressing its role in enhancing teaching and learning environments to improve academic performance by fostering student interest and teacher efficiency (Nkolaj, 2023).

All of these viewpoints emphasize how important motivation is in determining behavior, goal-directed behaviors, and productivity in educational and corporate contexts and the direct relationship between leadership styles and employees' motivation.

## 2.2 Theoretical Review

Leadership approaches

**Trait approach:** This leadership approach, based on the belief that leaders possess inherent characteristics that distinguish them from non-leaders, is a fundamental concept in leadership studies. Great men were said to be made of these people's innate attributes. Under the trait approach, each person's unique physical and psychological characteristics were taken into account as possible leadership markers (Timothy, 2002).

Nevertheless, current researchers articulate that the importance of personality traits conscientiousness, initiative, and persistence in effective leadership, indicating that these play a crucial role in perceptions of leadership emergence and effectiveness. Therefore, traits alone do not guarantee leadership success; it should be properly matched with the situation of the corporation or organization at hand.

**Behavioral approach:** This leadership approach dictates effective leadership is determined by specific behaviors rather than traits. Ohio State University carried out a number of studies known as the "Ohio State Studies" in the late 1940s and early 1950s with the goal of identifying leadership traits and how they affected group performance.

The Ohio State Studies identified two key dimensions of leadership behavior:

**Initiating structure (Task Oriented):** Initiating structure involves a leader organizing work, setting goals, and defining roles, often being directive. This focus on efficiency and productivity is crucial for leaders; concluding that motivation (satisfaction) is correlated with performance (Chester, 1975)

**Consideration (People Oriented):** on the other hand, focuses on building relationships, supporting team members' well-being, and showing empathy. This approach fosters trust, collaboration, and addresses personal and social needs. Understanding these dimensions of leadership is crucial for understanding group dynamics and performance. (Chester, 1975).

To give additional insight, researchers of University of Michigan studies the significances of separating these two kinds of leadership approaches by examining how leaders engaged with their teams and what matters to them most. Organizations must be aware of the differences between production-oriented and employee-oriented leadership as these differences can affect productivity, work satisfaction, employee motivation, and overall organizational performance. To foster a healthy work atmosphere and attain the best outcomes, leaders must strike a balance between attending to the needs of their team members and concentrating on duties (Chester, 1975)

Limitation of this approach is it does not account for situational variables i.e the behavior that fits for one corporation may not work for the other.

**Contingency or Situational Approach:** The Contingency Theory of Leadership was developed by Fred Fiedler in 1958 during his research on the effectiveness of the leader in group situations. Fiedler believed that his effectiveness in leading depends on controlling the situation and the style of Leadership. This leadership approach depends on the fit between the leader's style and the situation (Shala, 2021).

The significance of Contingency and situational leadership approaches lies in their pivotal role in responding to dynamic environments and critical situations, as elucidated in scholarly works. The Contingency Theory of Leadership emphasizes the importance of leadership styles being in alignment with the surrounding context, particularly during times of crises such as the Covid-19 pandemic. (Mlihi, 2023)

Conversely, situational leadership entails leaders adapting their conduct and approach according to the evolving requirements of the team or organization, nurturing malleability and adaptability in leadership methodologies. (Indah, 2022)

Both methodologies underscore the importance of leaders demonstrating sensitivity towards the needs of their teams, effectively guiding them and bolstering motivation and performance within organizational settings. Through comprehension and application of these strategies, leaders can effectively maneuver intricate scenarios, steer towards success, and accomplish objectives in swiftly changing and demanding environments. (Ary, 2020)

**Fiedler's Contingency Model:** explains leadership effectiveness depends on the match between the leader's style (task-oriented or relationship-oriented) and situational favorableness.

**Hersey and Blanchard's Situational Leadership Theory:** this theory believes Leaders must adjust their style (telling selling participating delegating) based on followers' readiness/ maturity.

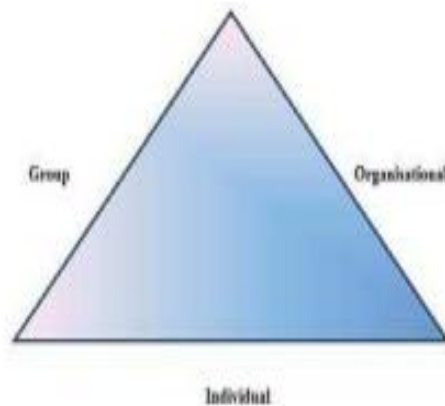
**Path-Goal Theory:** According to (Lawrence, 1985) Leaders must adapt their style (directive, supportive, participative, and achievement-oriented) to fit the followers and the task.

## 2.3 Leadership models

Leadership is a complex process involving a leader communicating ideas, gaining acceptance, and motivating followers. There are three types of managerial leadership skills: technical skills, interpersonal skills, and decision-making skills.

Technical skills should ideally focus on the use of methods and procedures to complete a task; interpersonal skills, on the other hand, are limited to the capacity for understanding, communicating and cooperating with people and groups via the development of strong connections. The last component of decision-making abilities is the capacity to conceptualize circumstances, choose among options, resolve issues, and seize opportunities (Faeth, 2010).

Levels of examination in leadership theory consist of three main categories: individual, group, and organizational. These categories are intricately connected, as they rely on each other for support and influence. The interrelationship between these three levels is depicted in Figure 1.



Source: Lussier 2010:401

Figure 1 - Interrelationships among levels of leadership analysis

### 2.3.1 Transactional leadership

The transactional leadership style comprises three essential components: contingent reward, management-by-exception (active), and management-by-exception (passive). Leaders following this style utilize contingent rewards to communicate performance expectations to their followers and acknowledge commendable performance. They adhere to the belief that contractual agreements serve as primary motivators and leverage extrinsic rewards to boost followers' motivation. Scholarly works have pointed out that the transactional style could potentially inhibit creativity and have a detrimental impact on employees' job satisfaction. Management-by-exception involves leaders' responses to promptly identifying deviations from the expected behavior of followers (Bass, 1985).

The utilization of both methodologies varies depending on the circumstances and the specific context. Instances that involve a high level of accuracy, specialized knowledge, time constraints, especially in technology-driven settings, call for transactional leadership. Conversely, in environments that prioritize human interaction, aiming to influence followers through motivation and by acknowledging their emotions based on shared objectives, beliefs, and principles, the preferred approach is transformational leadership (MacGregor Burns, 2003).

Contingent Reward emphasizes the attainment of outcomes through leadership. Humans tend to value tangible, material rewards in return for their contributions, leading to the emergence of this

approach. While transformational leadership focuses on recognizing individual capabilities and fostering enthusiasm through emotional connections, values, and belief systems, transactional leadership promotes compliance by catering to the desires and needs of individuals (Bass B M, 2004).

Managers employing contingent reward are responsible for guiding employees to ensure task completion. In essence, key components of contingent reward involve performance-based material incentives, providing guidance, fostering reciprocity, and instilling confidence within the team.

Management by Exception (Active) is not synonymous with laissez-faire leadership, as it does not entail a hands-off approach. Leaders who practice active management by exception demonstrate confidence in their employees to fulfill tasks to a satisfactory standard and avoid unnecessary disruptions. This leadership style does not necessarily inspire employees to exceed expected outcomes; however, achieving targets signifies the effectiveness of the system, leading to contentment and the continuation of regular operations (Bass B M, 2004).



Figure 2- Transactional Leadership Style (Nemai, 2012)

There is a noticeable absence of innovation, risk-taking, novel perspectives, or transformative strategies among leaders who adopt management by exception. This approach aligns with a change culture driven by identified needs. To summarize, active management by exception involves trust in employees, limited communication, preservation of the status quo, and a lack of assertiveness.

Management by Exception (Passive): "It is the style of transactional Leadership in which the leaders avoid specifying agreement, and fail to provide goals and standards to be achieved by staff. Sometimes, a leader waits for things to go wrong before taking action" the competing value framework (CVF) model was developed initially from research conducted on the major indicators of effective organizations. The CVF model has been tested and validated more than the other models in academic literature.

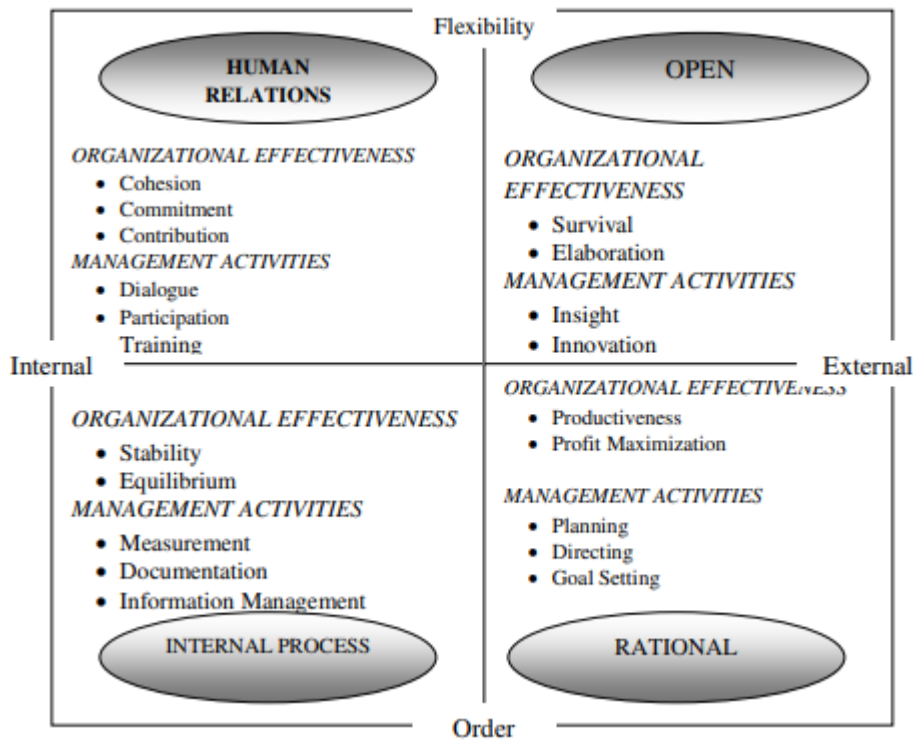


Figure 3- CVF Model of effectiveness

### 2.3.2 Transformational Leadership

The transformational approach is a methodology utilized by leaders that emphasizes innovation, creativity, and positive change within organizations and encourages confidence, decision making and autonomy among subordinates (Dana, 2022). It elucidates the manner in which leaders can guide and catalyze pivotal alterations within a company or group. This approach put emphasis on the strategies through which leaders can ignite motivation and drive within their team to realize noteworthy transformations in the organization.

Transformational leadership is highly valued in multinational corporations due to its positive impact on organizational culture, employee engagement, and perceived effectiveness. Research indicates that transformational leaders inspire and motivate employees, fostering innovation and creativity within the organization (Marc, 2021)

Transformational leadership positively influences employee motivation through enhancing intrinsic motivation and organizational citizenship behavior, ultimately improving employee performance (Hastin, 2023)

Sidani (2007) asserts that there exist four essential elements within transformational leadership, namely idealized influence, intellectual stimulation, inspirational motivation, and individual consideration. The implementation of each of these components equips managers with the necessary tools to effectively employ this leadership approach within the organizational setting.

**Idealized influence:** pertains to managers who serve as exemplary role models for their subordinates. Managers who exhibit idealized influence are able to cultivate trust and garner respect from their subordinates, enabling them to make informed decisions that benefit the organization.

**Intellectual Stimulation:** Managers demonstrating Intellectual Stimulation are characterized by their propensity to foster innovation and creativity by questioning the conventional beliefs or perspectives within a group. Through this approach, they cultivate a culture of critical thinking and problem solving aimed at enhancing organizational performance.

**Inspirational motivation:** refers to supervisors who inspire subordinates to dedicate themselves to the company's mission. To achieve the organization's objectives of higher revenue and market expansion, managers who possess inspiring motivation foster a sense of teamwork among their subordinates.

**Individual consideration:** refers to supervisors who serve as mentors and counselors to their subordinates. When managers show concern for each employee, they motivate staff members to achieve objectives that benefit the company as a whole.



Figure 4- Transformational Leadership components

### 2.3.3 Laissez-faire leadership (LF)

"Laissez-faire leadership" describes a detached style of leadership in which team members get little direction from their bosses. Studies have shown that this kind of writing can be harmful in several situations. The book "Leadership in Place" highlights the value of leadership in educational environments and provides examples of many successful leadership philosophies (Mohammad, Radfar., edited by Chris Collinge, 2011).

Furthermore, as Oliver Mallet's study discusses, the dynamic nature of work settings is changing and in order to guarantee productivity and navigate these shifting places, leaders must be involved and flexible.

While autonomy and trust are essential components of laissez-faire leadership, it is crucial for leaders to strike a balance between providing freedom and offering support to foster growth and success within their teams.

Leaders that practice laissez-faire show little interest in important organizational issues and have a tendency to put off responding to pressing problems. Studies show that executives who practice laissez-faire pay the least attention to task completion and productivity (Anderson & McColl-Kennedy, 2005).

The laissez-faire leadership style is characterized by a basic avoidance of participation. Followers who engage in this avoidance strategy get extremely frustrated and have low self-esteem.

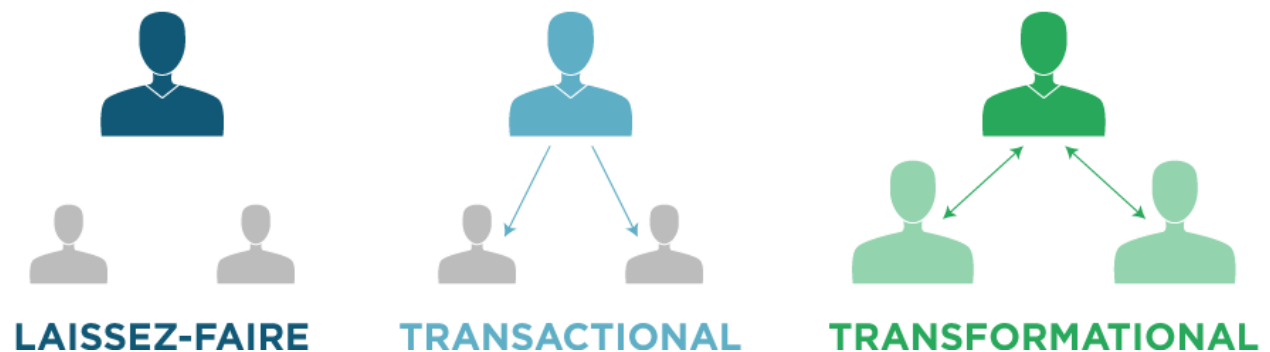


Figure 5 - Demonstration of the laissez - Faire, Transactional and Transformational leadership styles

## 2.4 Motivation

Motivation, according to (Witkiss, 2004), is the means of persuading someone to do action. A large portion of what motivates people is the idea of a possible reward or the result of doing nothing. The factor that motivates people to act is the satisfaction (or meeting) of their own wants, which gives them the drive to finish the work at hand.

Motivation encompasses a multitude of dimensions, such as the role of motivation in cognitive processes, the origin of motives from fundamental needs, the cognitive representation of motives in memory, and the concept of free will (Arie, 2016).

Moreover, motivation entails the allocation of effort, activation of behavior, and decision-making based on effort, where organisms assess the rewards of stimuli in comparison to the costs associated with them, often involving neural circuits like the mesolimbic dopamine system (John D. S., 2018).

In the realm of sports accomplishment, motivation assumes a critical psychological function, with strategies like goal establishment, cognitive restructuring, and visualization frequently utilized to inspire athletes, underscoring the importance of coaches in the endeavor (Dušanka, 2020).

Additionally, motivation can be instigated by physiological conditions such as hunger as well as psychological elements like wishes and motives, guiding individuals toward positive or negative objectives, illustrating the intricate and adaptable nature of motivational stimuli (Padmasiri, 2014).

To encourage others, it is necessary to understand how motivation works. The practice of rewarding employees with incentives is not a recent one. The crucial point is to recognize that people differ from one another and that not two people are driven in the same manner. Since people react differently, corporations should use several motivational strategies. To encourage others, it is necessary to understand how motivation works. The practice of rewarding employees with incentives is not a recent one. The crucial point is to recognize that people differ from one another and that not two people are driven in the same manner. Since people react differently, corporations should use several motivational strategies (Stratford, 2012).

People differ from one another in terms of their skills, intelligence, character, attitudes, and influence from their environment. Consequently, their needs and desires, which have an impact on their motivation, are also going to vary. In order to provide incentives to fulfill the interests of the people they wish to encourage, companies must thus evaluate what these individuals regard to be significant. According to Michael Krath (2007), there are two different kinds of motives one is Internal and the other Exterior desires

**Internal desire or intrinsic motivation** is a natural feeling that comes from within and drives a person to work towards goals without being influenced by external factors like money, focusing on needs like security, social connections, and personal growth. Techniques for improving intrinsic motivation are Challenges, Autonomy, Promotion, Learning and Job or role design.

**External desire or extrinsic motivation** extrinsic motivation, originating from external sources rather than intrinsic factors, significantly influences individuals, exemplified by efforts such as organizing a staff retreat to boost productivity, which can yield noteworthy results. The effects of extrinsic motivation, along with the strategies employed, demonstrate prompt and substantial outcomes; however, sustainability over an extended period is not guaranteed.

Techniques for improving external motivation are:

**Rewards:** the most effective approach of extrinsic incentive is rewarding staff. By providing monetary bonuses, incentives, gifts, and other types of recognition, organizations may encourage good performance. Positive feedback from these awards motivates staff members to do well in their positions.

**Increasing pay:** is indeed a powerful tool used by organizations to motivate employees. Many employees perceive salary increases as a significant source of motivation. When their compensation improves, it reinforces their commitment and encourages better performance.

**Promotion** is also a very significant strategy to encourage an employee since professional progression is highly important to employees and every employee wants to grow in his job.

## **2.5 Theories of Motivation**

Motivation has been a key area of interest in the field of organizational psychology and management research, resulting in the formulation of multiple theories designed to clarify the underlying mechanisms of individuals' determination to achieve particular objectives. Early motivational theories predominantly concentrated on fundamental human needs and the intrinsic factors propelling behaviour. One seminal theory, Abraham Maslow's Hierarchy of Needs, put forth in 1943, suggests that individuals are incentivized by a hierarchical progression of needs, commencing with essential physiological requirements like sustenance and lodging, progressing to safety, social, esteem needs, and culminating in self-actualization—the fulfilment of one's utmost capabilities.

Contemporary motivational theories prioritize the examination of human conduct within professional environments. Self-Determination Theory underscores the inherent impulses and psychological necessities for competence, autonomy, and relational engagement. Goal-Setting Theory highlights the importance of establishing ambitious objectives and delivering constructive feedback to enhance performance levels. Job design's impact on motivation is examined in the Job Characteristics Model through factors like skill variety, task identity, and significance, autonomy, and feedback loops.

### **Maslow's Hierarchy of Needs Theory:**

Abraham Maslow developed the Maslow's Hierarchy of Needs Theory, which describes a five-level hierarchy of human needs: self-actualization, esteem, safety, belongingness, and physiology. This theory contends that in order to advance to higher wants, people must first satisfy lower-level ones, with self-actualization standing for the apex of human development and satisfaction (Yuan, 2022).

Organizational settings frequently use Maslow's theory to better understand and improve employee motivation and performance. Furthermore, studies have demonstrated connections between Herzberg's two-factor theory of motivation and Maslow's hierarchy of needs, highlighting the significance of both internal and external motivators in shaping both individual behavior and organizational performance. In addition, new research has examined how human wants vary over time, emphasizing how important technology-related requirements like internet connection are becoming. This shows how flexible the theory is in light of contemporary societal shifts. (Theories, 2023).

Maslow's Hierarchy of Needs Theory plays a crucial role in understanding the motivation of employees in multinational corporations (MNCs) in relation to leadership styles. The theory suggests that human needs progress through five levels, from basic physiological needs to self-actualization. However, its practical application in MNCs faces challenges due to the coexistence of these needs levels and the need for effective incentive management (Yuan, 2022).

Leadership styles, such as transformational, transactional, and laissez-faire, significantly influence employee motivation in MNCs. Transformational leaders, by focusing on individualized consideration, intellectual stimulation, inspirational motivation, and charisma, can satisfy employees' basic psychological needs, leading to positive outcomes like trust, job satisfaction, and enthusiasm for work (Ivana, 2020).

Understanding and integrating Maslow's theory with appropriate leadership styles can optimize motivation and performance among MNC employees.

### **Expectancy Theory**

The Expectancy Theory, as delineated in numerous academic studies, serves as a process theory of motivation elucidating the decision-making process of individuals in relation to diverse behavioral options. Originally conceptualized by Vroom, the theory posits that the driving force behind a behavior stems from three fundamental perceptions: expectancy, instrumentality, and valence. Expectancy entails the conviction that exerted effort will result in performance, instrumentality pertains to the belief that performance will lead to desired outcomes, and valence represents the significance an individual attributes to these outcomes. This theoretical framework offers insights into comprehending and assessing employee conduct across various scenarios including learning, decision-making, attitude development, and motivation (Michael, 2017).

The Expectancy Theory has significant implications for international businesses managing expatriate employees. Research highlights that individuals with higher confidence in their ability to live and work abroad are more likely to pursue performance goals, leading to greater host adjustment and professional accomplishments.

Additionally, the theory emphasizes the importance of intrinsic motivators like expectancy, intrinsic instrumentality, and intrinsic valence in enhancing motivation among international students, suggesting that recognizing and rewarding internal achievements can improve their experience. Furthermore, the theory's cognitive mediation of anxiety implies that actions to prevent negative events can be influenced by enduring expectancy and valence beliefs, impacting anxiety development among expatriates. Therefore, international businesses should consider these motivational factors and cognitive processes when managing expatriate employees to enhance their performance and overall success (Reinhard, 2019).

## **2.6 Empirical Review**

### **Factors influencing motivation**

Factors influencing motivation in Multinational Corporations (MNCs) encompass a variety of elements. Research has shown that factors such as income and benefits, superior support, work conditions, training and promotion opportunities, and the nature of work play significant roles in enhancing employees' motivation within MNCs (Doan, 2021). Additionally, the effectiveness of Human Resource Management (HRM) practices, including the ability to transfer knowledge and engage in knowledge sharing, is crucial for motivating employees in MNCs. Understanding and addressing these diverse factors are essential for fostering a motivated workforce and promoting success within MNCs. (Paula, 2014)

Multinational companies promote work-life balance for motivation through various strategies such as implementing internal marketing practices, considering gender approaches, and recognizing the importance of balancing personal and work life to enhance organizational performance (Isis, 2020).

These companies face unique challenges in implementing global work-life initiatives due to cultural differences and local legislation, requiring a balance between shared guidelines and local adaptations (Anne, 2018).

Research indicates that work-life balance activities not only benefit employees by improving morale, retention rates, and reducing absenteeism but also enhance overall organizational performance, motivating employees and increasing engagement in the workplace. By prioritizing work-life balance, multinational companies can create a supportive environment that fosters employee satisfaction, commitment, and productivity. So the primary source of inspiration and the architect of both big and small firms' work environments is leadership. Syed Vazith Hussain, categorized the leadership philosophies as democratic, autocratic, consultative, and charitable (Bass B M, 1990)

### **2.6.1 Job Satisfaction**

In the workplace, motivation and job satisfaction are strongly related, with several studies showing a positive association between the two. Research on white-collar workers at BSNL in Saharanpur and IT specialists in Bengaluru both revealed a significant positive correlation between job satisfaction and motivation. Furthermore, a research that concentrated on the tourist sector highlighted the importance of motivating behavior in relation to work satisfaction. A number of factors have been found to be important in driving employee motivation and job satisfaction across a variety of industries, including working environment, recognition, and remuneration packages (Ishfaq, 2011).

Moreover, the significance of intrinsic motivation was emphasized in the correlation between motivation and job happiness, underscoring the role of internal drive in augmenting total job satisfaction (Mehdi, 2020).

### **2.6.2 Reward**

The impact of incentives on motivation levels in both people and organizations varies. Compared to monetary rewards, prosaically goal-based awards have been demonstrated to increase motivation, particularly when people use an emotional valuation method (Adam, 2022).

Intrinsic incentives and public service motivation are important elements that influence job motivation, both monetary and non-monetary in nature. Employers frequently deal with issues pertaining to worker motivation, well-being and career advancement, which highlight the necessity of efficient incentive programs to encourage constructive rivalry and personal growth (Yu, V., 2022).

Organizational incentives research has shown the significance of both internal and external motivation in raising work motivation and job satisfaction, with important roles being played by things like success and job security (Netta, 2021). An effective incentive program is that includes both monetary and non-monetary rewards.

### **2.6.3 Recognition**

Recognition is non-monetary acknowledgment of good performance. It boosts motivation, productivity, and well-being in employees, as evidenced in various professional settings, including MNCs. Recognition in the context of employee motivation involves the act of appreciating and commending employees for their exemplary performance in alignment with the values and principles of the organization, a practice often more impactful than monetary incentives. The implementation of well-structured recognition initiatives within multinational corporations serves as a critical catalyst for enhancing employee motivation, nurturing a climate of constructive feedback and active involvement across global workforce (Rainer, 2015).

The significance of employee recognition cannot be overstated in terms of inspiring and incentivizing employees, especially high performers who anticipate recognition from senior leadership, underscoring the necessity of an effective recognition framework within enterprises (Virginia, 2020).

Furthermore, recognition programs, including those that commend organizations for fostering a healthy work environment, possess the ability to greatly stimulate employers and top-level executives to invest in initiatives promoting workplace health and overall well-being. Moreover, monetary forms of recognition have been identified as a means to bolster employee motivation towards organizational change, thereby facilitating the successful implementation of planned organizational transformations (Amira, 2016).

## **2.7 Conceptual Framework**

The study aims to explore the impact of various leadership styles (transformational, transactional, and laissez-faire leadership styles) on motivation of employees within chosen MNCs situated in Addis Ababa. A framework is established based on an extensive review of existing literature and empirical research outcomes. The independent variables consist of the main type's leadership

styles i.e. transformational, transactional, and laissez-faire leadership, while the dependent variable is the factors of employees' motivation which are stated on the below diagram (job satisfaction, reward and recognition).

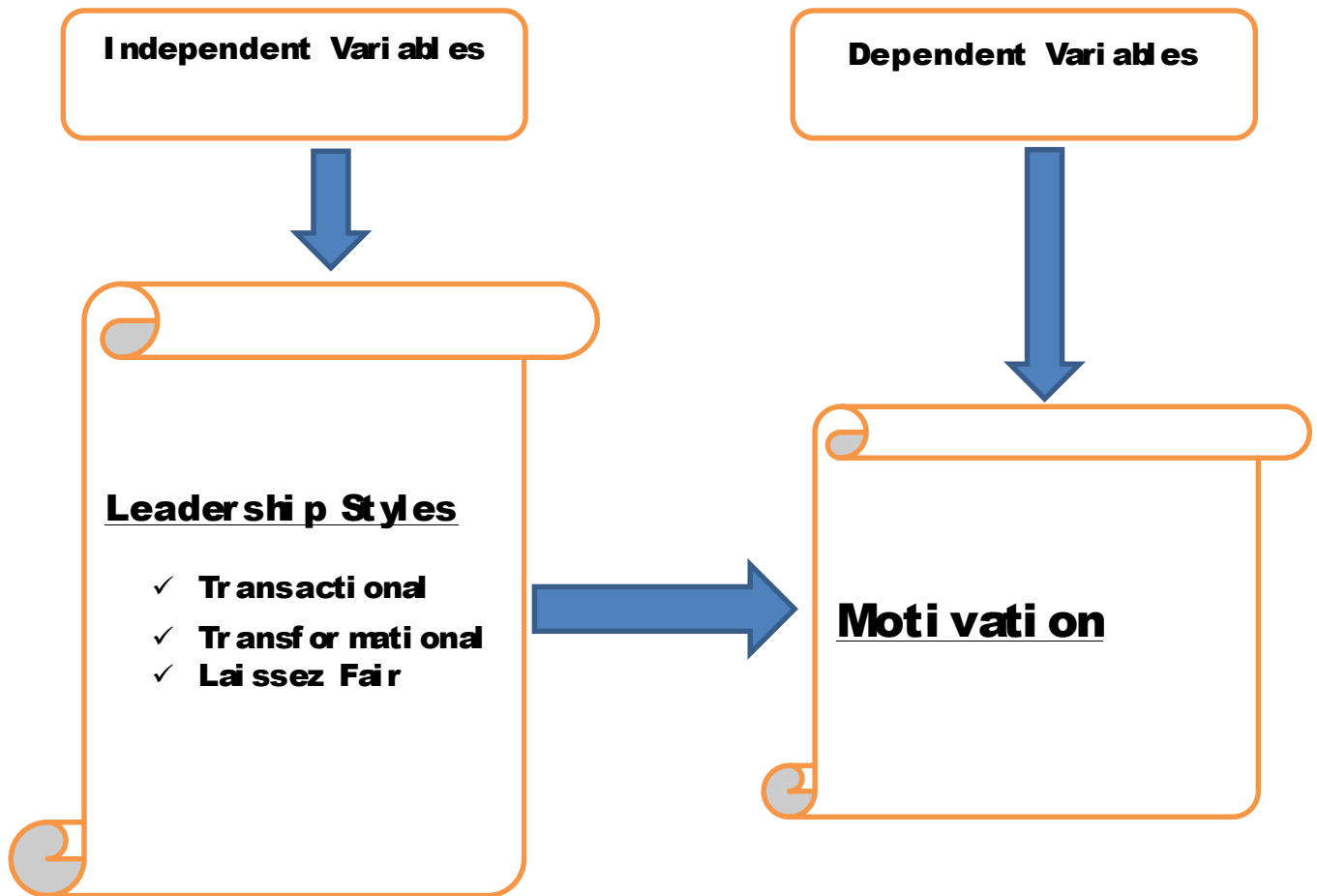


Figure 6- Conceptual Diagram

## CHAPTER THREE

### RESEARCH METHODOLOGY

In this chapter, the research methodology employed for this study is delineated. Areas covered in this chapter encompass the research approach, research design, population and sampling methods,

and data sources. Research methodology serves as a systematic approach to resolving research issues and is recognized as the scientific study of the processes involved in conducting research

### **3.1 Research approach**

This study employed mixed method for both variable quantification and analysis. The term "quantitative approach" is typically used to refer to any method of gathering data, like a questionnaire, or any method of analyzing data, like graphs or statistics, that produces or employs numerical data. The term "qualitative approach" is referring to any method of data collection using interview and secondary data from scholars literature review (Joe F. Hair, 2017).

### **3.2 Research design**

The research design is both descriptive and explanatory. According to Saunders, the causal relationships between variables are described by the explanatory research design. The focus is on investigating the issue to clarify how leadership philosophies and workers' motivation relate to one another. The purpose of descriptive research design is to find correlations or relationships between particular variables. It provides an accurate and methodical description of the facts and features of a particular population or region of interest. (Dilock HL, 1993)

### **3.3 Population and Sampling Method**

#### **3.3.1 Populations of the study**

Consists staff level employees, managers and supervisors of the six multinational corporations. There are a total of 564 employees working in the six organizations; Huajian Shoes, Heineken Brewery Ethiopia PLC, Dangote Cement Ethiopia PLC, Unilever Manufacturing PLC, Agri Sher Trading PLC, Tecno Telecom Ltd. We select these companies based on their profitability index and repetition in our country.

Due to the high cost and time requirements the study excluded project office employees and only those based in Addis Ababa were considered. The number of employees at their respective head office and main branches in Addis Ababa are

Table 1- Target population

Huajian Shoes	20
---------------	----

Heineken Brewery Ethiopia PLC	30
Dangote Cement Ethiopia PLC	60
Unilever Manufacturing PLC	60
Agrish Trading PLC	10
Tecno Telecom Ltd	30
<b>Total</b>	<b>210</b>

### 3.3.2 Target population

The sample populations were drawn from a total of 210 staff level employees located in Addis Ababa. There are eleven multinational companies located in the two selected sub cities of Addis Ababa; whereas the six companies are willing to participate in the survey of this paper.

### 3.3.3 Sampling Design

Stratified sampling was adopted to draw the sample. It divides a population into strata based on shared characteristics, selecting a simple random sample within each stratum to ensure adequate representation and enhance results' generalizability. It is a modification of random sampling in which the population is divided into two or more relevant and significant strata based on one or a number of attributes (Geswell, 2018). The organizations consist of groups of employees classified by department like Administration, Finance, Production (operation) sections based in Addis Ababa. From each stratum employees, managers and supervisors were selected by using convenient sampling

Based on Yamane (1967) the formula below is used to determine the sample size:

Where =  $n$  is the sample size

$N$  = is the target population size located in Addis Ababa

$e$  = is the level of precision or sampling error (0.05), therefore the calculated sample size is 138.

Table 2- Sample size distribution of target population

No	MNCs	Sample size	
		Total No of Employees	Proportion of sample
1.	Huajian Shoes	20	$[(20/210) \times 138] = 13$
2.	Heineken Brewery Hhiopia PLC	30	$[(30/210) \times 138] = 20$
3.	Dangote Cement Hhiopia PLC	60	$[(60/210) \times 138] = 39$
4.	Unilever Manufacturing PLC	60	$[(60/210) \times 138] = 39$
5.	Agri Sher Trading PLC	10	$[(10/210) \times 138] = 7$
6.	Tecno Telecom Ltd	30	$[(30/210) \times 138] = 20$
	<b>Total</b>	<b>210</b>	<b>138</b>

### 3.4 Sources of data

Primary and secondary sources of data will be used. Primary data will be obtained through structured questionnaires and interviews. Questionnaire data will be collected on Multiple Leadership Questionnaire and motivation survey; in addition to obtain qualitative insights, we will interview a subset of employees in-depth. Secondary data is collected from books, articles, and other publications as well as websites. Using questionnaire will allow respondents have adequate time to give well thought out answers. Respondents who are not easily approachable can also be reached conveniently (Kotahari, 2004).

### 3.5 Data collection instrument

The Multifactor Leadership Questionnaire (MLQ) is used to study transformational, transactional, and laissez faire leadership styles while the employee motivation survey assesses the dimensions of motivation related to job satisfaction, reward and recognition.

### **3.5.1 The Multifactor Leadership Questionnaire (MLQ)**

The 5X Multifactor Leadership Questionnaire (MLQ-5X) measures leadership by assessing various dimensions of leadership behavior. Studies have focused on adapting and validating the MLQ-5X in different contexts to ensure its reliability and validity. Research has shown that the MLQ-5X consists of multiple factors, such as transformational leadership, transactional leadership, and passive leadership, which are crucial in evaluating leadership practices in educational and organizational settings. The questionnaire's psychometric properties have been extensively analyzed through factor analytic methodologies, confirmatory factor analysis, and reliability testing to establish its effectiveness in measuring leadership profiles and practices, providing valuable insights for researchers, practitioners, and policymakers in enhancing leadership development initiatives and improving organizational effectiveness (Beata, 2022).

#### **The key components of 5X MLQs**

The Multifactor Leadership Questionnaire (MLQ-5X) assesses leadership styles and behaviors in various contexts. Different studies have examined and validated the MLQ-5X in settings such as education, business, and organizational environments. The key components of the MLQ-5X include transformational leadership, transactional leadership, and passive-avoidant leadership styles (Juan, 2013). These components are further broken down into specific factors such as idealized influence behavior, attributed idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration within the transformational leadership style. The questionnaire has been refined through factor analyses, item deletions, and model adjustments to ensure its validity, reliability, and applicability in measuring leadership styles effectively in different cultural and organizational settings.

Consequently, the rater for most of the MLQ holds greater significance. This particular form prompts individuals under the leadership (typically supervisees or direct reports) to evaluate the frequency of their leaders' transactional or transformational leadership actions using a 5-point scale. Avolio and Bass (1999) introduced the Multifactor Leadership Questionnaire (6X-Short Form) for assessing Transformational Leadership, Transactional Leadership, and Laissez-faire leadership. The most recent version, MLQ (5X), has been substantially enhanced and includes 34 standardized items, with 4 items dedicated to each of the nine leadership aspects linked to the FRL model (Bass & Riggio, 2006).

The first part will identify the respondents' gender, age group, and educational status. The second part consists of 34 types of questions. The ratings for the MLQ are not at all (1), Once in a while (2), Sometimes (3), fairly often (4), frequently, if not always (5).

Table 3 - Multifactor Leadership Questionnaire

Leadership styles	Subscale	Items
Components of transformational leadership	Intellectual stimulation	1, 2, 3, 4
	Individual Consideration	5, 6, 7, 8
	Idealized Influence	9, 10, 11, 12
	Inspirational Motivation	13, 14, 15, 16
Components of transactional leadership	Human relations	17, 18, 19, 20
	Internal Process	21, 22, 23, 24
	Openness	25, 26, 27
	Rational	28, 29, 30, 31
Laissez faire leadership		32, 33, 34

Source: (Bass & Avolio, 2006) and Literature reviews

### 3.5.2 The employees' motivation Survey

The EMS evaluates workers' attitudes and feelings regarding their jobs. In order to measure the many aspects of employee motivation, including general working conditions, pay and possibility for promotion, work relationships, use of talents and abilities, and work activities, Saunders (2009) devised a survey.

Leaders and employees fill the questionnaire about their motivation with respect to their jobs. The revised EMS dimensions includes five job dimensions, with each having components. A total of sixteen questions are included in the survey. The components are rated by the following five point rater scale. 1 = strongly disagree, 2 = Disagree, 3 = neither disagree nor agree, 4 = Agree, 5 = strongly agree. The scores are calculated by summing up all the individual items.

The responses to the EMS items are numbered from 1 to 5. Respondents can therefore have a score from 1 to 5 for each item that can be explained as follows:

Scores of 1, 2 and 3, show dissatisfaction of an employee by the leadership style of the supervisor, this means the supervisor is a transactional or laissez faire leader.

Scores above 3 show satisfaction of an employee by the leadership style of the supervisor, this means the supervisor is a transformational leader.

Table 4- Employees Motivation Survey

<b>PAY AND PROMOTION POTENTIAL</b>
Job Security
Benefits (Health insurance, life insurance, etc.) offered
Recognition for works achieved
Promotion Opportunities
Salary offered
<b>USE OF SKILLS AND ABILITIES</b>
Support for training & education
Opportunities to utilize your skills and capabilities
Opportunities to acquire new skills
<b>WORK ACTIVITIES</b>
Degree of independence in work roles
Good opportunities for periodic changes in duties
Variety of work responsibilities
<b>WORK RELATIONSHIPS</b>
Relationship with subordinates
Relationship with co-workers
Relationship with supervisor
<b>GENERAL WORKING CONDITIONS</b>
Flexible schedule
Hours worked each week
Paid vacation time/sick leave offered
Location of work place

### 3.6 Data Analysis

Data collection was conducted via closed-ended questionnaires, followed by statistical analysis using SPSS version 24, which stands for Statistical Package for Social Sciences. The assessment of the questionnaire items' statistical reliability was carried out through Cronbach's alpha. Various

analytical tools including descriptive, correlation, and regression analysis were employed to examine the data gathered from the participating employees.

### **3.6.1 Descriptive Analysis**

Descriptive statistics encompassed utilizing the frequencies command to validate percentage values, central tendency parameters (mean, median, and mode), and dispersion indicators (range, standard deviation, and variance). Utilization of minimum maximum mean, standard deviation, and percentages aided in identifying the predominant dimensions linked to transformational, transactional, and laissez-faire leadership styles, and facilitated the assessment of employee motivation.

### **3.6.2 Correlation analysis**

The examination of correlation was conducted through the utilization of a Pearson correlation in order to evaluate the association between the independent variables and the dependent variable. This correlation coefficient, initially proposed by Francis Galton in the 1880s, and for which the mathematical formula was derived and published by Auguste Bravais in 1844 and subsequently enhanced by Pearson, serves as a tool to quantify the linear correlation between two stochastic variables (Zou Hy, Tuncali, & Silverman G 2003).

### **3.6.3 Regression analysis**

Regression analysis was performed in order to ascertain the extent to which the independent variable of leadership style can elucidate the dependent variable of job satisfaction. Various multiple regression models were employed to demonstrate the influence of the independent variable on the dependent variable. The regression assumes the following equation;

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + e$$

The dependent variable is Y and  $x_1$ ,  $x_2$ , and  $x_3$  are the independent variables.  $\beta_0$ ,  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  are referred to as coefficients of independent variables.  $\beta_0$  is constant by which employees' motivation is influenced by other factors which are not specified as independent variables by the researcher and e is a vector of errors of prediction.

## **3.7 Validity and Reliability**

### **3.7.1 Validity**

As defined by Creswell (2003), refers to the extent to which a test effectively measures what it is intended to measure. It is essentially a measure of the accuracy and utility of the conclusions drawn from research findings. In order to ensure the research's validity, the researcher precisely employed credible sources such as published studies, literature, and recent articles that discussed factors influencing the business performance of MNCs. Additionally, the questions used in the research were refined based on feedback from respondents, involving the addition, removal, and modification of certain items. To enhance the instrument's precision further, a questionnaire was administered, incorporating standardized questions from various reputable sources. The research advisor also contributed valuable insights and feedback to fine-tune the questionnaire's quality.

### **3.7.2 Reliability**

According to (Kotahari, 2004), the tool is reliable if it is consistent. The also undergoes reliability tests to check the consistency and accuracy of the measurements. Cronbach's alpha was used to evaluate the reliability of the measurement data. This is a popular measure of the consistency or credibility of a candidate group. Item Average rating 0.8 and 0.95 are considered as high reliable. Item a scale with an alpha coefficient between 0.7 and 0.8 is considered to have good reliability, while a scale with an alpha coefficient of 0.5 is considered to have good reliability 0.6 and 0.7 shows similar reliability.

## **3.8 Ethical Considerations**

This represent the foundational principles or ethical benchmarks that safeguard the rights of individuals engaged in a research endeavor. They encompass measures implemented to guarantee that the safety and rights of participants remain inviolate in any regard. Consequently, these considerations are typically undertaken to ensure that research involving human or living subjects is conducted in alignment with elevated ethical norms. These ethical standards encompass voluntary participation, informed consent, confidentiality of data, clarity regarding the research objectives for participants, and authorization from pertinent governing bodies such as independent review boards (IRBs) to execute the research investigation (Vincent, (1999))

## CHAPTER FOUR

### 4. PRESENTATION AND DATA ANALYSIS

This chapter is dedicated to the comprehensive analysis of the data obtained through the aforementioned standardized instruments. These instruments included the Multifactor Leadership Questionnaire (MLQ) and the employee motivation Survey (EMS). The Multifactor Leadership Questionnaire encompassed thirty-four items designed to evaluate three distinct dimensions of leadership styles. In addition, the employee motivation Survey comprised nineteen items aimed at assessing specific facets of employees' motivation, which were utilized to explore the influence of managerial leadership styles on the employees' motivation levels of MNCs staffs in Addis Ababa, Ethiopia.

In the present investigation, three distinct leadership styles (transformational, transactional, and laissez-faire) were scrutinized to evaluate their effects on employees' motivation across five facets: pay and promotion, use of skills and abilities, work activities, work relationships and working conditions. Consequently, the interrelations between the three identified leadership styles and the five facets of employees' motivation were systematically quantified.

#### 4.1 Response Rate

The research sample consisted of one hundred thirty-eight MNC employees selected from a target population of two hundred ten individuals employed across six MNCs organizations. These organizations were selected utilizing purposive and stratified sampling methodologies, while individual employees were chosen through systematic random sampling techniques.

Out of the one hundred fifty-four questionnaires disseminated among these employees, sixteen were not returned. After gathering the responses from one hundred thirty-eight individuals through surveys, we analysed the data using SPSS version-23, which allowed us to calculate percentages, average scores, standard deviations, correlations, and straightforward regression and other explanatory analyses to understand how different leadership styles influence employee motivation which types of the leadership styles are practiced in the selected MNCs.

Table 5 - Response rate

Number of Questionnaire Returned	Target Number of Respondents	Response Rate (%)
138	154	89.6

Table 6- Returned Questionnaires

MNCs	Proportion of sample	No of returned questionnaire
Huajian Shoes	13	12
Heineken Brewery Ethiopia PLC	23	20
Dangote Cement Ethiopia PLC	44	40
Unilever Manufacturing PLC	44	39
Agri sher Trading PLC	7	7
Tecno Telecom Ltd	23	20
Total	154	138

## 4.2 Reliability and Validity analysis

Reliability testing in data analysis is crucial for ensuring the precision and stability of measurement methods across various research contexts. It is defined as the ability of a test to yield similar results under different conditions, with reliability coefficient (Cronbach's alpha) indicating the proportion of variance attributable to true differences rather than measurement error (Oiver, 2023). The most popular objective indicator of reliability is Cronbach's Alpha developed by Lee J. Cronbach in 1951. The ability of an instrument to measure consistency is known as reliability. The degree to which every item in a test measures the same idea or construct is known as internal consistency, and it is related to how related the test's components are to one another. Before a test is used for study or evaluation, its internal consistency should be established to guarantee its validity (Tavakol, M 2011)

Validity refers to the extent to which a tool measures what it claims to measure, encompassing various types such as face, content, criterion, construct, and ecological validity (Chittaranjan, 2018).

The questionnaire has been checked by the researcher in terms of the clarity and readability. It was also checked by the respondents during the pilot study. Content and construct validity of the instruments was checked by experts to ensure the relevance and overall appearance in formatting the items. A pilot study constitutes an integral component of a preliminary research endeavor, wherein data is collected from participants who are concurrently engaged in a broader investigation, thereby facilitating an evaluation of the potential viability of a subsequent project targeting a specific demographic. Scholars advocate that the sample size for a pilot study should encompass 10% of the anticipated sample intended for the larger overarching study (Connolly, 2008). Prior to the dissemination of the questionnaire to the entire sample cohort, a pilot study was conducted involving sixteen employees.

Table 7 - Reliability Statistics of the MLQ

Variables	Items	Cronbach's $\alpha$
Transformational Leadership	16	0.847
Transactional Leadership	15	0.860
Laissez-faire	3	0.849
Motivation	18	0.916

Source: SPSS survey data 2024

Cronbach's alpha reliability coefficient usually ranges between 0 and 1. When the Cronbach's alpha coefficient is closer to 1.0 the internal consistency of the items in the scale increases. The lower alpha coefficient is an indicator of weak inter-item average correlation or the items are providing inconsistent and unstable results.

According to George and Mallery (2003), the generally accepted practice is given as "alpha coefficients that are greater than 0.9 are Excellent, 0.8 - 0.9 is good, 0.7 - 0.8 is Acceptable, 0.6 - 0.7 is Questionable 0.5 - 0.6 is Poor and Value less than 0.5 is Unacceptable". (p. 231) (Giem J & Giem R, 2003).

According to the above reliability analysis all the dimensions have a value of more than 0.8 which shows the reliability and consistence of the questionnaire is checked.

### 4.3 Demographic characters

This part shows data from one hundred thirty eight respondents was analyzed and discussed. Participant employees were requested to provide information on their demographic and personal profile. Such data as gender, age, educational status, and years of experience and number of subordinates under their supervision was presented. The detail of the analysis is given below.

#### 4.3.1 Distribution of Respondents by Gender

Out of the total of 138 sample employees Male were the majority 75 (54.3%) and the remaining 63 (45.7%) were Female. The data indicated that even though the number of male employees is greater than female employees, there was no as such great difference between the two of them.

Table 8 - Gender of respondents

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	63	45.70	45.7	45.7
	Male	75	54.30	54.3	100.0
	Total	138	100.00	100.0	

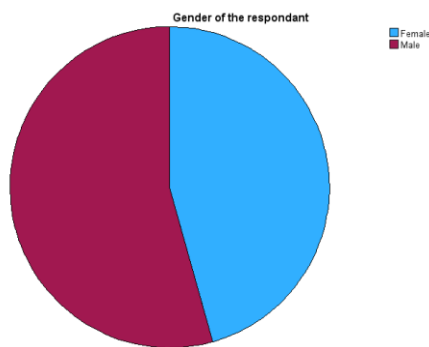


Figure 7- Distribution of respondents by gender

(Source: SPSS survey data 2024)

### 4.3.2 Distribution of Respondents by age

Interms of age most (32.6 %) of the employees were in a range between 31-40 years, next to them 24.6 % were from 41-50 years, then 21.70 % was counted for the young age employees 20-30 years, 51-60 and above 60 were (13.80 %), (7.2 %) respectively. This indicates that most of the MNC staffs are middle age.

Table 9- Age of respondents

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 - 30 Years	30	21.7	21.7	21.7
	31 - 40 Years	45	32.6	32.6	54.3
	41 - 50 Years	34	24.6	24.6	79.0
	51 - 60 Years	19	13.8	13.8	92.8
	Above 60 Years	10	7.2	7.2	100.0
	Total	138	100.0	100.0	

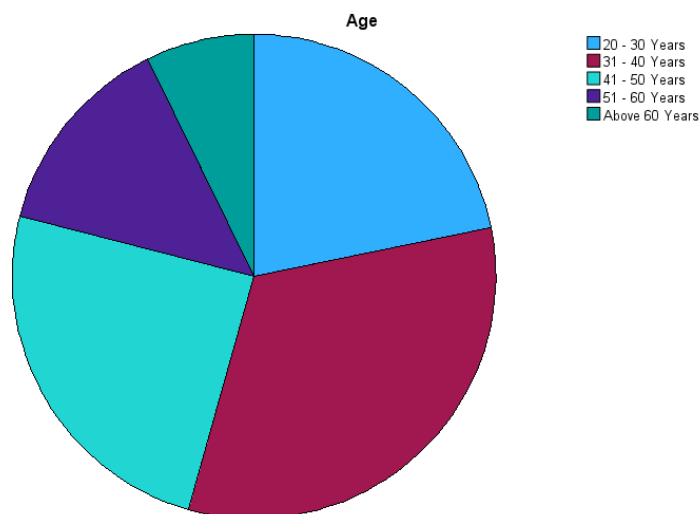


Figure 8- Distribution of respondents by age

Source: SPSS survey data 2024

### 4.3.3 Distribution of Respondents by Education Level

Regarding the educational qualifications of the sampled employees, a significant proportion, specifically 95 (68.8%), possess undergraduate degrees, while 28 (20.3%) hold diplomas. The prevalence of employees with educational attainment below the diploma level, as well as those with Doctoral (PhD) degrees, is notably low comprising 10.9% and 5.1% respectively. This suggests that the majority of the respondents possess qualifications commensurate with their roles and are endowed with the requisite knowledge and skills to effectively execute their responsibilities. Table 4:6 below illustrates the educational distribution of the respondents.

Table 10 - Educational distribution of the respondents

	Educational Background	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate (Vocational or Technical School)	15	10.9	10.9	10.9
	Diploma	28	20.3	20.3	31.2
	Degree	50	36.2	36.2	67.4
	Masters	38	27.5	27.5	94.9
	PHD	7	5.1	5.1	100.0
	Tot al	138	100.0	100.0	

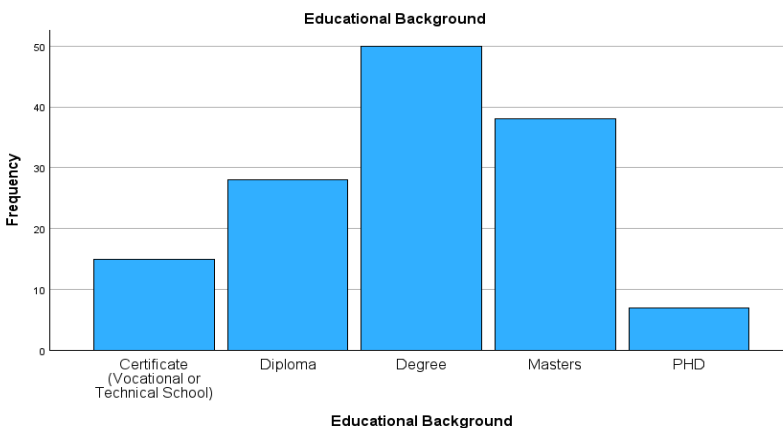


Figure 9 - Distribution of respondents by educational background

Source: SPSS survey data 2024

#### 4.3.4 - Distribution of Respondents by Work Experience, Job position and Number of subordinates

The table below illustrates the other background information's of the sample respondents based on years of work experience, Job title (position) and no of subordinates under their supervision stated in frequency versus percentage.

Table 11 - Demographic characteristics of respondents by work experience, job position and no. of subordinates under their supervision

Dimensions		Frequency	Percentage
Work Experience, in your organization	Below 1 year	23	16.70
	1 & 2 year	21	15.20
	3 & 4 year	36	26.10
	5 years	28	20.30
	> 5 years	30	21.70
	<b>Total</b>	<b>138</b>	<b>100.00</b>
Job Position	Junior	15	10.90
	Middle	28	20.30
	Senior	50	36.20
	Managerial Level	38	27.50
	Principal (Owner)	7	5.10
	<b>Total</b>	<b>138</b>	<b>100.00</b>
No of subordinates under your supervision	1-5 employees	40	29.00
	6-10 employees	28	20.30
	11-20 employees	17	12.30
	21-30 employees	27	19.60
	>30 employees	26	18.80
	<b>Total</b>	<b>138</b>	<b>100.00</b>

Source: SPSS survey data 2024

#### 4.4 Descriptive statistics of the variables

The descriptive statistics of the variables are shown below. Thirty-four questions of MLQ and 18 questions of EMS were all coded and entered into the SPSS. The central tendency parameters (mean, median & mode) and dispersion indicators (range, standard deviations and variance) of the replies of respondents on dimensions of leadership styles and employees' motivation are presented below.

Table 12 - Mean and Standard deviation of transformational, transactional and laissez faire leadership styles

Dimensions	N	Mean	Median	Mode	Std. Deviation	Variance	Range	Minimum	Maximum
Intellectual Stimulation	138	3.72	3.75	4.00	0.64	0.41	3.75	1	5
Individual Consideration	138	3.80	3.75	3.50	0.64	0.41	2.50	1	5
Idealized Influence	138	3.94	4.00	4.00	0.64	0.41	3.50	1	5
Inspirational Motivation	138	3.92	4.00	4.00	0.67	0.45	3.25	1	5
Human Relations	138	3.84	4.00	3.75	0.66	0.44	3.50	1	5
Internal Process	138	3.70	3.75	3.75	0.66	0.43	3.50	1	5
Openness	138	3.75	4.00	3.67a	0.73	0.54	3.67	1	5
Rational	138	3.67	3.75	3.75	0.59	0.35	3.50	1	5
Laissez Fair	138	1.94	1.50	1.33	1.03	1.06	4.00	1	5

a. Multiple modes exist. The smallest value is shown

The computed mean values of the dimensions of transformational leadership indicate that idealized influence has the highest mean value of ( $M=3.94$ ,  $SD=0.64$ ) followed by inspirational motivation ( $M=3.92$ ,  $SD=0.67$ ), individual consideration ( $M=3.80$ ,  $SD=0.64$ ) and intellectual stimulation ( $M=3.72$ ,  $SD=0.64$ ). This indicates that transformational leaders consistently engage in the practice of idealized influence (behavior). Such leaders are esteemed, respected, trusted, and demonstrate a high degree of consistency in their professional conduct, grounded in fundamental ethics and principles. In contrast, intellectual stimulation and individualized consideration are the least frequently implemented practices among managerial personnel.

The above table shows that human relations has the highest mean score compared to the other dimensions of transactional leadership styles. Rational has the lowest mean score of 3.67 and standard deviation of 0.59 which shows that it is the least practiced dimension among transactional leadership style.

Transactional openness refers to how the leader explains the role and task requirements for subordinates as well as the performance criteria and the prizes upon accomplishing desired goals (Bass B M, 1990).

Table 13 - Mean and Standard deviation of dimensions of motivation

Dimensions	N	Mean	Median	Mode	Std Deviation	Variance	Range	Minimum	Maximum
Pay and Promotional Potential	138	4.03	4.20	4.40	0.69	0.47	4.00	1	5
Skill and Abilities	138	3.79	4.00	4.00	0.94	0.88	4.00	1	5
Work Activities	138	3.89	4.00	4.00	0.86	0.73	4.00	1	5
Work Relationships	138	3.97	4.00	4.00	0.85	0.73	4.00	1	5
General Working Conditions	138	3.90	4.00	4.25	0.81	0.65	4.00	1	5

As indicated in the above table transformational leadership (idealized behavior) is the most practiced leadership style among managers. Among transactional leaders (human relation) is the most practiced.

According to the above tables pay and promotional potential takes the highest mean value compared to other dimensions of motivation (M=4.03, SD=0.69). Employees are satisfied with work relationships they have with subordinates, with the highest mean value (M=3.97, SD=0.85) compared to other dimensions of skill and abilities category, followed by working condition with supervisors with mean value of (M=3.90 and SD= 0.81).

Among the dimensions of EMS employees are satisfied by the pay and promotion, employees are motivated with the relationship they get from the organization. Pay and promotion potential has (M=3.97, SD=0.94) from this category while benefits has the highest mean (M=4.03) and lowest (SD=0.69) compared to others in this category. Skill and Abilities has the lowest mean value (M=3.79) and standard deviation of (SD=0.94).

This result shows that employees are satisfied by the company's promotion and environment but there is high organizational politics to get endorsed in the organization.

The mean score and standard deviation for work activities dimension were 3.89 and 0.86, respectively. Good opportunities for periodic changes in duties has a mean value of 4.03 and SD of 0.69 which is greater than variety of work responsibility.

Among the dimensions degree of recognition for work achieved has the highest mean score of 4.18 compared to others showing employee satisfaction.

## **4.5 Correlation analysis**

Correlation analysis is a statistical method used to evaluate the strength and direction of the relationship between two or more variables. It employs correlation coefficients, such as Pearson's, to quantify this relationship, allowing researchers to identify patterns and dependencies in data, as seen in various fields including management, psychology, and finance (Ruslan, 2024).

The interpretation of correlation coefficients pertains to values that range from -1 to +1. A correlation coefficient of zero signifies the absence of a systematic relationship between the two variables, while a correlation coefficient of -1 or +1 denotes a perfect linear relationship. The degree of association can vary between -1 and +1.

As the strength of the correlation increases, the correlation coefficient approaches either  $\pm 1$ . Should the coefficient yield a positive value, the variables are said to exhibit a direct relationship, indicating that an increase in one variable is associated with an increase in the other. Alternatively, if the coefficient shows a negative value, the variables exhibit a reverse correlation, hinting that a rise in one variable is linked with a drop in the other.

Table 14 - Correlation analysis between independent variables with the dependent variable (motivation)

Correlations of independent variable with employees motivation				
	Transformational	Transactional	Laissez faire	Motivation
Transformational	1			
	0.242			
Transactional	0.499**	1		
	0.129	0.278		
Laissez faire	-0.284**	-0.293**	1	
	-0.144	-0.159	1.062	
Motivation	0.316**	0.182*	-0.255**	1
	0.103	0.063	-0.174	0.435

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

Source: Pearson Correlation Results from own survey data 2024

The table 14 depicts the Pearson correlation result between the independent variables which are leadership styles (Transformational, Transactional and Laissez Fair) and dependent variable (employees' motivation). The significant correlation is between Transformational to Motivation which is ( $r=0.316$ ,  $p<0.01$ ); this study tells us there is a high positive relationship between transformational leadership style and employees' motivation.

The second largest positive correlation is between transactional with motivation with the ( $r=0.182$ ,  $p<0.01$ ); therefore, we can conclude transactional leadership style is well practiced in the MNCs of Ethiopia next to Transformational leadership style.

On the contrary, Laissez Fair style is not experienced among the sample MNCs companies of Addis Ababa with a magnitude of ( $r=-0.255$ ,  $p<0.01$ ) which shows negative relationship with motivation.

Table 15 - Correlation analysis between transformational dimensions with the dependent variable (motivation)

Correlations of transformational dimensions with motivation					
	Intellectual Simulation	Individual Consideration	Idealized Influence	Inspirational Motivation	Motivation
Intellectual Simulation	1				
	0.413				
Individual Consideration	0.372**	1			
	0.152	0.406			
Idealized Influence	0.572**	0.495**	1		
	0.235	0.202	0.407		
Inspirational Motivation	0.336**	0.342**	0.498**	1	
	0.146	0.147	0.214	0.455	
Motivation	0.219**	0.187*	0.280**	0.272**	1
	0.093	0.078	0.118	0.121	0.435
**: Correlation is significant at the 0.01 level (2-tailed).					
*: Correlation is significant at the 0.05 level (2-tailed).					

Source: Pearson Correlation Results from own survey data 2024

The above correlation matrix shows the relationship between dimensions of transformational leadership with each other and employees' motivation. All the dimensions of transformational leadership are positively related with each other. From those five dimensions Idealized influence and inspirational motivation show high significant correlation ( $r=0.572$ ,  $P<0.01$ ) and ( $r=0.498$ ,  $P<0.01$ ) respectively.

Positive relationship existed between all dimensions of transformational leadership. Idealized influence, has a moderate positive and significant relationship with employees' motivation ( $r=0.280$ ,  $P<0.01$ ). The correlation between idealized behavior with employees' motivation is strongly and positively correlated with ( $r=0.597$ ,  $P<0.01$ ).

Idealized behavior is concerned about leaders' communication about their most important values and beliefs with their subordinates; that creates conducive working environment which stimulates employees' motivation.

Table 16 - Correlation analysis between transactional dimensions with the dependent variable (motivation)

Correlations of transactional dimensions with motivation					
	Human Relations	Internal Process	Openness	Rational	Motivation
Human Relations	1				
	0.437				
Internal Process	.557**	1			
	0.242	0.432			
Openness	.589**	.566**	1		
	0.285	0.273	0.537		
Rational	.449**	.513**	.501**	1	
	0.175	0.199	0.216	0.347	
Motivation	.228**	0.145	.179*	0.025	1
	0.100	0.063	0.087	0.010	0.435
** . Correlation is significant at the 0.01 level (2-tailed).					
* . Correlation is significant at the 0.05 level (2-tailed).					

Source: Pearson Correlation Results from own survey data 2024

Among the dimensions of transactional leadership Openness has high significance correlation result ( $r=0.589$ ,  $p<0.01$ ) with Human relation; in addition Human relation has the largest positive correlation with employees' motivation ranking ( $r=0.228$ ,  $p<0.01$ ). On the other side, internal process and rational judgment of leaders shows insignificant relation to employees' motivation which scores ( $r=0.145$ ,  $p<0.01$ ) and ( $r=0.025$ ,  $p<0.01$ ). Therefore this tell us employees' motivation will decrease when leaders apply these leadership styles.

Laissez faire leadership is reasonably and negatively related with motivation ( $r=-0.255$ ,  $P<0.01$ ), which shows that as leaders run through this behavior subordinates' satisfaction will decrease.

## 4.6 Regression analysis

Regression analysis constitutes a methodological approach employed to elucidate the interrelationships among various variables. The principal advantages of employing regression analysis lie in its capacity to ascertain whether independent variables exhibit a statistically

significant association with a dependent variable, to delineate the relative influence of distinct independent variable effects on the dependent variable, and to facilitate predictive modeling

## 4.7 Assumptions Testing in Multiple Regressions

Prior to the execution of a multiple regression analysis, it is imperative to conduct fundamental assumption tests pertinent to the model. One must systematically review and validate that the five main assumptions, specifically normality distribution test, linearity, multi co-linearity, homoscedasticity, and autocorrelation, are fulfilled to an acceptable degree.

### 4.7.1 Normality Test

As articulated by (H, Bandemer, 1981) multiple regression analyses necessitate that the independent variables adhere to a normal distribution. This stipulation implies that the errors must also conform to a normal distribution. Residual scatter plots are employed to assess the normality of the residuals. A normal distribution is typified by a bell-shaped curve, which fundamentally suggests that a majority of observations congregate around the central tendency of the distribution (Field, 2006).

The figure presented below illustrates that the residuals conform to a normal distribution, as evidenced by the bell-shaped histogram. Furthermore, normality can be corroborated by evaluating the Normal P-P plot, where the data points align in a reasonably straight diagonal trajectory from the lower left to the upper right for the dependent variables. This observation implies that the assumption of normality remains intact.

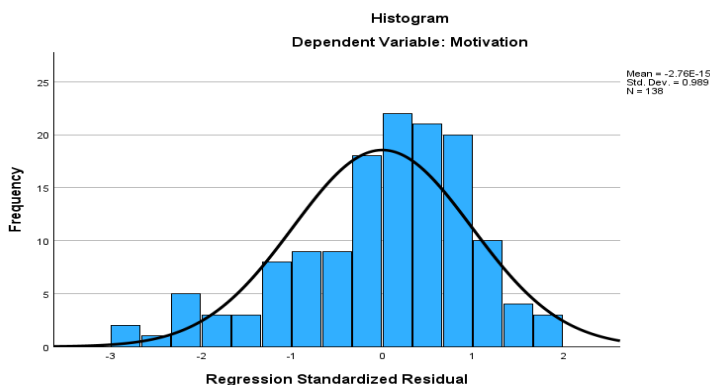


Figure 10 - Histogram

Source: SPSS survey data 2024

#### 4.7.2 Auto correlation test

The Durbin-Watson test is frequently used to check for autocorrelation. A test statistic with a range of 0 to 4 is generated by the Durbin-Watson test. The assumption that the residuals are independent (or uncorrelated) can be tested with it. The Durbin-Watson number must be near 2 in order to satisfy this assumption (Field, 2006). Problematic and concerning values are those that are less than 1 and greater than 3. The auto-correlation test has been passed since the Durbin-Watson value of 2.018 and the independent errors are displayed in the table below.

Table 17 - Durbin-Watson Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.360 <sup>a</sup>	0.130	0.110	0.62212	<b>2.018</b>
a. Predictors: (Constant), Laissez faire, Transformational, Transactional					
b. Dependent Variable: Motivation					

#### 4.7.3 Multi-collinearity test

Multi-collinearity refers to a statistical phenomenon in which two or more independent variables in a regression model are highly correlated. According to (Gujarati, 2009) the term multi-collinearity is defined as “A situation in which there is an exact or nearly exact linear relation among two or more of the input variables”.

A regression model is said to exhibit multi-collinearity if the explanatory variables are associated with one another and with a linear combination of two or more explanatory variables (Paul, 2004). The explanatory factors become identical and disrupt the data if there is a high correlation between them. Two often used metrics to assess how multi-collinear the independent variable is with the other independent variables in a regression model are the Variance Inflation Factor (VIF) and tolerance.

The inverse of the tolerance value is the Variance Inflation Factor (VIF). VIF was calculated in order to identify the multi-collinearity issue. There is no significant multi-collinearity between the explanatory factors, as indicated by the VIF values for all independent variables being < 10. VIF values above 10 would show the existence of multi-collinearity problem. A tolerance of less

than 0.10 indicates a serious col-linearity problem, which means that the independent variables are much correlated and the multi-col-linearity assumption is violated. From the table below the tolerance is greater than 0.10 suggesting that the assumption of multi col-linearity is not violated.

Table 18 - Col-linearity statistics test of independent variables

Coefficients <sup>a</sup>									
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Col-linearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
Constant	2.794	0.534		5.232	0.000	1.738	3.850		
Transformational	0.358	0.126	0.267	2.833	0.005	0.108	0.608	0.730	1.369
Transactional	-0.006	0.118	-0.004	-0.047	0.963	-0.239	0.228	0.726	1.377
Laissez faire	-0.116	0.055	-0.181	-2.115	0.036	-0.224	-0.007	0.889	1.125

a. Dependent Variable: Motivation

Source: SPSS survey data 2024

#### 4.7.4 Assumptions of homoscedasticity

Homoscedasticity refers to the assumption that the variance of errors is constant across all levels of an independent variable in statistical models, which is crucial for valid inference in analyses such as regression and ANOVA. Violations of this assumption can lead to inefficient estimates and biased statistical tests. Various methods have been developed to test for homoscedasticity, when the variance of errors differs at different values of the Independent Variables, heteroscedasticity is indicated. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value (Govind, 1992).

The conventional recommendation for assessing the assumptions of homoscedasticity within the framework of regression analysis is to graph the predicted dependent variable values against the

residuals. The presence of heteroscedasticity is suggested when these values exhibit a dispersion or divergence from left to right or from right to left (O'bourne, 2002).

The scatterplot in the figure below demonstrates that the points are concentrated around 0 and are distributed evenly which shows that no violation of homoscedasticity exists.

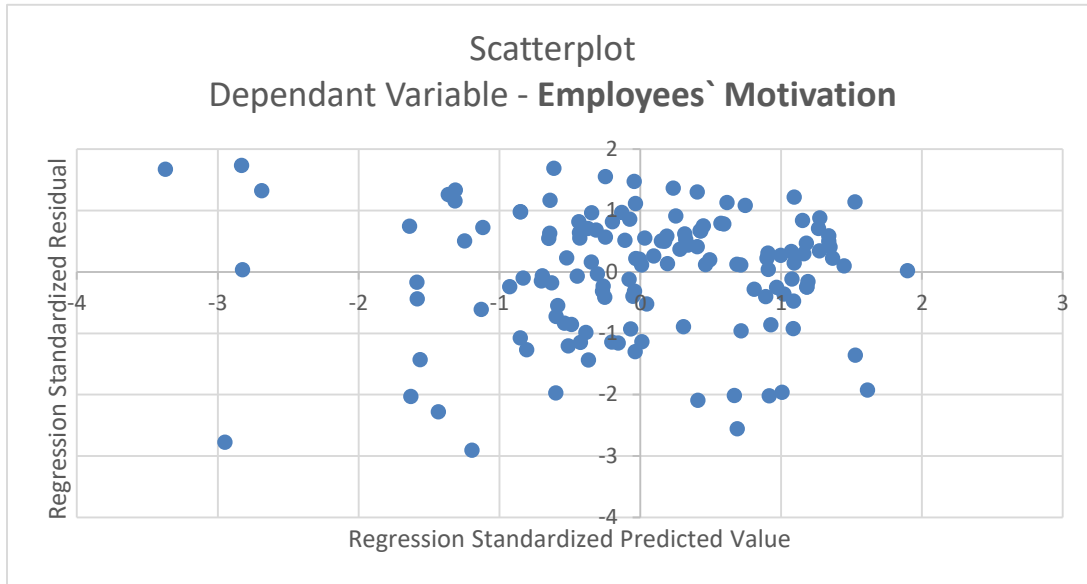


Figure 11 - Scatterplot of standardized residuals

Source: SPSS survey data 2024

#### 4.7.5 Linearity Test and Outliers

The premise of a linear association between independent and dependent variables can be evaluated by analyzing the P-P plot associated with the model. A more advantageous approach for detection involves the scrutiny of residual plots, which represent the standardized residuals as a function of standardized predicted values (O'bourne, 2002)

The proximity of the points to the diagonal line indicates how closely the residuals adhere to a normal distribution. The graph that comes next illustrates that the visual examination of the P-P plot indicates a linear link between the dependent and independent variables. This observation implies that there is no infringement of the linearity assumption. Outliers can be identified through the examination of the scatter plot. The scatter plot presented below indicates that no significant outliers were detected.

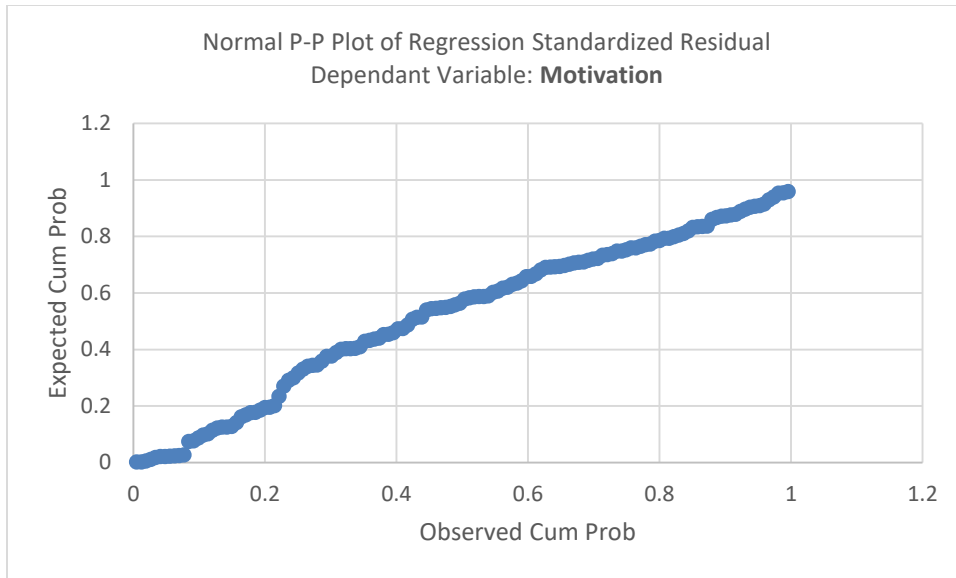


Figure 12 - Scatter plot of standardized residuals for linearity

Source: SPSS Owen survey data 2024

### Multiple regressions

Multiple regression makes it possible to examine how a number of independent factors interact to affect a dependent variable's value. Using multiple regression models to test the model's relevance is the primary goal of the multiple regression analysis section. In the multiple regression model, the independent factors that explain the dependent variable of work satisfaction include transformational, transactional, and laissez-faire dimensions.

The regression model summary is shown in Table 4.15. To determine whether the regression model fits the data healthily, the table displays the R, R squared, adjusted R squared, and standard error of the estimate.

R value characterizes the correlation between the independent and dependent variables it can also be considered to be one of the measure of the quality of the forecast of the dependent variable. The coefficient of determination is represented by R squared value which is the proportion of variance in the dependent variable that is clarified by the predictor variables.

Table 4.15 presents the ANOVA result of the regression model. The F-ratio in the ANOVA table tests if the regression model fits well with the data.

Table 19 - The model summary for the regression result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.841 <sup>a</sup>	0.743	0.725	0.62212

Predictors : ( Constant), individualized consideration, inspirational motivation idealized attribute, intellectual stimulation, idealized behavior, human relations, internal process, openness, rational, laissez faire leadership styles .

Dependent variable- motivation

All the independent variables have been entered into regression analysis to generate the predictive model of motivation.

The coefficient of multiple determinations value of R- square is 0.743. This value indicates the proportion of the variance in the dependent variable that is explained by the dependent variable. Multiplying R-Square value by 100, the model illuminates 74.3% of the variance in the dependent variable motivation.

Before running the regression analysis the model adequacy and fitness was checked. The overall significance of the model was demonstrated in the Anova table below. The model reveals a statistically significant relationship between employees motivation and predictor variables  $F(3, 137) = 59.605, p < 0.001$ . The result shows that the model is significant and the variation explained by this model is not obtained because of a chance.

Table 20 - ANOVA result of regression model

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	7.742	3	2.581	6.668	< .001 <sup>b</sup>
	Residual	51.863	134	0.387		
	Total	59.605	137			
a. Dependent Variable: Motivation						
b. Predictors: (Constant), Laissez faire, Transformational, Transactional						

Source: SPSS Owen survey data 2024

Table 21 a - Coefficients of the multiple regression model result of independent variables

Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig	95.0% Confidence Interval for B		Col-linearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.785	0.339		8.204	0.000	2.114	3.456		
	Idealized Influence	0.290	0.085	0.280	3.407	0.001	0.122	0.458	1.000	1.000
2	(Constant)	3.228	0.381		8.462	0.000	2.473	3.982		
	Idealized Influence	0.240	0.086	0.233	2.790	0.006	0.070	0.411	0.943	1.061
	Laissez faire	-0.128	0.053	-0.200	-2.396	0.018	-0.233	-0.022	0.943	1.061

a. Dependent Variable: Motivation

Source: SPSS survey result of the model (2024)

Table 22 b - Coefficients of the multiple regression model result of independent variables

Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig	95.0% Confidence Interval for B		Col-linearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	B	Std. Error
1	(Constant)	2.794	0.534		5.232	0.000	1.738	3.850		
	Transformational	0.358	0.126	0.267	2.833	0.005	0.108	0.608	0.730	1.369
	Transactional	-0.006	0.118	-0.004	-0.047	0.963	-0.239	0.228	0.726	1.377
	Laissez faire	-0.116	0.055	-0.181	-2.115	0.036	-0.224	-0.007	0.889	1.125

a. Dependent Variable: Motivation

Source: SPSS survey result of the model (2024)

The equation of the regression model is  $Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + e$ . By rearranging the coefficients of the independent variables the equation will be

$$Y = 2.794 + (0.358*1) + (-0.006*2) + (-0.116*3) + 0.534$$

Y represents employees' motivation and  $\beta_0$ , the constant which is 2.794 and e is a vector of errors of prediction.

The multiple regression output coefficients designate the magnitude of the impact of the dimensions of leadership style on motivation. Therefore, the unstandardized beta values of each independent variable that are determined in the model output are interpreted as follows.

Idealized behavior i.e. one of the dimension of transformational leadership has  $\beta = 0.290$  at  $P < 0.00$ . This result proposes that employees' motivation whose employer practice idealized behavior characteristic increased significantly by 29 percent. Next to idealized behavior Inspirational motivation scores high  $\beta = 0.117$  at  $P < 0.00$ . On the same sense, we can conclude the significance of inspirational motivation dimension is 17.7 percent for staff motivation.

Relatively from transactional leadership dimensions human relations has high  $\beta = 0.125$  at  $P < 0.00$ , the other dimensions has positive beta value but not significant to employees motivation.

At last, Laissez Fair leadership style has a negative beta -0.116 at  $p < 0.00$ , that depicts when leaders exercise this kind of style the motivation of employees goes backward.

## CHAPTER FIVE

### SUMMARY CONCLUSIONS AND RECOMMENDATIONS

This Chapter will conclude the study by summarizing the key research findings in relation to the research aims and research questions, as well as the value and contribution thereof. It will also review the limitation of the study and propose opportunities for the future research.

The survey was distributed for 154 sample MNCs employee respondents, of those 138 questionnaires fully answered and returned. The study use 138 respondent data and analyze using SPSS Version 24 data analysis software usually practiced by social science, statistical and clinical studies.

This main aims of this research is investigate effects of leadership styles on employees motivation in six selected MNCs located in Addis Ababa, Ethiopia. To this effect the study examine:

- ✓ Which types of leadership styles are practiced in MNCs?
- ✓ Distinguishing which component or dimension of leadership style has significant effect on employees` motivation,
- ✓ Testing the level of relationship of transformational, transactional and Laissez fair leadership styles towards employees` motivation.
- ✓ Illustrating the dominance leadership style for employees motivation

#### 5.1 Summary of findings

The demographic measure shows that out of 138 respondents 75 (54.3%) are male and 63 (45.7%) are female.

Majority of the respondents aged in the range of 31-40, making 32.60% of the total. 21.7% are between of 21-30 this shows that most of the are young and middle aged.

Educational level of the respondents shows that 38 (27.50%) are Masters' degree holders and 50 (36.2%) are bachelor degree holders.

Regarding length of experience in the organization; 26.10% of them have been working in the corporation to 3 - 4 years while 20.3% have 5 years and 21.70% have more than 5 years of experience. These show that most of the respondents have more than 3 years of experience in their respective organizations.

Job position and no. of subordinates data analysis tells us most employees 50(36.20%) are senior and manage subordinates 40(29%) between 1 – 5 staffs under their supervision.

The descriptive analysis shows that among the leadership styles transformational has high mean value 3.8465 and SD 0.4920, transactional and laissez faire scores a mean value 3.7382 and 1.9372 respectively. This result illustrates that transformational and transactional are mostly practiced leadership styles in MNCs of Ethiopia.

When we compare the mean and SD of dimensions of transformational leadership style that idealized influence has the highest mean value of (M=3.94, SD=0.64) followed by inspirational motivation (M=3.92, SD=0.67), this indicates that transformational leaders consistently engage in the practice of idealized influence (behavior). Such leaders are esteemed, respected, trusted, and demonstrate a high degree of consistency in their professional conduct, grounded in fundamental ethics and principles. In contrast, intellectual stimulation and individualized consideration are the least frequently implemented practices among managerial personnel.

Among dimensions of transactional leadership style human relations has the highest mean score compared to the other dimensions of transactional leadership styles on the opposite side Rational has the lowest mean score of 3.67 and standard deviation of 0.59 which shows that it is the least practiced dimension among transactional leadership style.

Between the dimensions of EMS employees are satisfied by the pay and promotion, employees are motivated with the relationship they get from the organization. Pay and promotion potential has (M=3.97, SD=0.94) from this category while benefits has the highest mean (M=4.03) and lowest (SD=0.69) compared to others in this category. Skill and Abilities has the lowest mean value (M=3.79) and standard deviation of (SD=0.94).

This result shows that employees are satisfied by the company's promotion and environment but there is high organizational politics to get endorsed in the organization.

According to the Pearson correlation result the significant correlation is between Transformational to Motivation which is ( $r=0.316$ ,  $p<0.01$ ); this study tells us there is a high positive relationship between transformational leadership style and employees' motivation.

The second largest positive correlation is between transactional with motivation with the ( $r=0.182$ ,  $p<0.01$ ); therefore, we can conclude transactional leadership style is well practiced in the MNCs of Ethiopia next to Transformational leadership style.

On the contrary, Laissez Fair style is not practiced among the sample MNCs companies of Addis Ababa with a magnitude of ( $r=-0.255$ ,  $p<0.01$ ) which shows negative relationship with motivation. From those five dimensions Idealized influence and inspirational motivation show high significant correlation ( $r=0.572$ ,  $P<0.01$ ) and ( $r=0.498$ ,  $P<0.01$ ) respectively.

Positive relationship existed between all dimensions of transformational leadership. Idealized influence, has a moderate positive and significant relationship with employees' motivation ( $r=0.280$ ,  $P<0.01$ ). The correlation between idealized behavior with employees' motivation is strongly and positively correlated with ( $r=0.597$ ,  $P<0.01$ ).

Among the dimensions of transactional leadership Openness has high significance correlation result ( $r=0.589$ ,  $p<0.01$ ) with Human relation; in addition Human relation has the largest positive correlation with employees' motivation ranking ( $r=0.228$ ,  $p<0.01$ )

Laissez faire leadership is negatively related with motivation ( $r=-0.255$ ,  $P<0.01$ ), which shows that as leaders run through this behavior subordinates' satisfaction will decrease.

A multiple regression analysis using nine independent variables found that leadership styles accounted for 74.3% of employee motivation variance. The model's adequacy and fit were assessed by using ANOVA test, and a statistically significant correlation was found between employee motivation and the predictor variables, indicating that the variation is not random chance.

## 5.2 Conclusion

Based on the findings we draw the following conclusions;

- Most respondents were young and middle age plus they have required qualification, skill and experience for the job. We conclude that job fit of most sample companies is satisfied
- The findings reflect transformational and transactional leadership was usually practiced in MNCs, among the dimensions of transformational leadership Idealized influence and Inspirational motivation has high positive impact on employees' motivation. We conclude the personality and communication of leaders with their subordinates has a great influence to motivation
- The study tries to determine the inter relationship between the independent variables transformational, transactional and laissez fair leadership style by using correlation analysis. From the components of transformational leadership idealized influence and inspirational motivation has strong and positive correlation with motivation ( $r=0.280$ ,  $P<0.01$ ) and ( $r=0.272$ ,  $P<0.01$ ) respectively.
- The third objective of this research was to show the magnitude of the effect of leadership styles to employees' motivation. The unstandardized beta value of independent variable shows that an increase by 1% of Idealized Behavior will result in 29.0% increases on employees' motivation. Regarding laissez fair and transactional leadership style has negative and insignificant unstandardized beta value of -0.006 and -0.116 respectively.
- Multiple regression analysis was employed to ascertain the influence of independent variables. The findings indicated that the model accounts for 74.3% of the variance in the dependent variable, with the residual 11.0% attributable to predictors not encompassed within this model.

Therefore, our study tries to fill the gap as there was no several researches on the effect of leadership style on employees' motivation of MNCs in Ethiopia.

### **5.3 Recommendation**

- ❖ Based on the research findings the high correlation of idealized influence and inspirational motivation may lead to biasness and very pertinent organizational politics to get promotions. Therefore, we suggest the HR to take surprise performance evaluation and give repetitive trainings to upgrade and balance the staff capacity.
- ❖ From the dimensions of motivation we find skill & abilities and work activities have lower mean of motivation. So we recommend the management to enhance networking, good governance and communication abilities between departments using technologies.
- ❖ Employee satisfaction with benefits, flexibility in scheduling and positive relationships with coworkers, supervisors, and subordinates is a key factor in effective leadership, highlighting the importance of such factors in management.

### **5.4 Limitations**

The investigator employed a Likert scale questionnaire to assess the perceptions of MNCs, a multifaceted organization comprising around 1,485 corporations personnel. Owing to financial and temporal limitations, the inquiry was exclusively concentrated on the MNC offices within Bole, Akaki Kality and Arada sub cities of Addis Ababa utilizing a sample of 138 employees. The data collection was an additional concern, as participants might refrain from providing truthful answers due to hesitations regarding repercussions from third parties. The researcher implemented measures to ensure confidentiality and undertook alternative remedial strategies to mitigate these identified limitations.

## **5.5 Future study recommendations**

This study focused on effects of leadership styles on motivations of Multi-National Corporations employees, this can also be studied on different sectors like banks, insurances or hospitals.

In addition, the impact of cultural difference on employees' motivation on MNCs with a mediator of Organizational politics can be conducted for future researches.

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## Appendix 1

Excluded Variables <sup>a</sup>								
Model		Beta In	t	Sig	Partial Correlation	Col-linearity Statistics		
						Tolerance	VIF	Minimum Tolerance
1	Intellectual Simulation	.088 <sup>b</sup>	0.872	0.385	0.075	0.673	1.485	0.673
	Individual Consideration	.063 <sup>b</sup>	0.667	0.506	0.057	0.755	1.325	0.755
	Inspirational Motivation	.177 <sup>b</sup>	1.878	0.063	0.160	0.752	1.330	0.752
	Human Relations	.125 <sup>b</sup>	1.357	0.177	0.116	0.787	1.271	0.787
	Internal Process	.071 <sup>b</sup>	0.826	0.410	0.071	0.919	1.088	0.919
	Openness	.115 <sup>b</sup>	1.353	0.178	0.116	0.934	1.071	0.934
	Rational	-.028 <sup>b</sup>	-0.329	0.742	-0.028	0.966	1.035	0.966
	Laissez faire	-.200 <sup>b</sup>	-2.396	0.018	-0.202	0.943	1.061	0.943
2	Intellectual Simulation	.047 <sup>c</sup>	0.466	0.642	0.040	0.652	1.534	0.652
	Individual Consideration	.071 <sup>c</sup>	0.764	0.446	0.066	0.754	1.327	0.716
	Inspirational Motivation	.145 <sup>c</sup>	1.540	0.126	0.132	0.733	1.364	0.733
	Human Relations	.089 <sup>c</sup>	0.961	0.338	0.083	0.762	1.313	0.762
	Internal Process	.025 <sup>c</sup>	0.288	0.774	0.025	0.868	1.151	0.868
	Openness	.087 <sup>c</sup>	1.025	0.307	0.088	0.913	1.095	0.897
	Rational	-.056 <sup>c</sup>	-0.676	0.500	-0.058	0.947	1.056	0.922
a. Dependent Variable: Motivation								
b. Predictors in the Model: (Constant), Idealized Influence								
c. Predictors in the Model: (Constant), Idealized Influence, Laissez faire								

## Work Plan

### Table of time plan

Ser. No.	Major Activities	Timeline	Remark
1.	Title Selection and concept note	March 27, 2024 – April 30, 2024	
2.	Authorization and preparation of guideline for the approved research title	May 01, 2024 – May 10, 2024	
3.	Preparation of draft research proposal	May 11, 2024 – August 10, 2024	
4.	Review of draft research proposal by advisor	August 11, 2024 – September 11, 2024	
5.	Submission of final research proposal	September 12 – 30, 2024	
6.	Data Collection	October 01, 2024 – November 15, 2024	
7.	Data analysis and interpretation	November 16, 2024 – December 31, 2024	
8.	Draft report preparation	January 01 – 19 2025	
9.	Draft report submission	January 25, 2025	
10.	Final report submission		

## Cost Budget Plan

<b>Ser. No.</b>	<b>Description</b>	<b>Amount in ETB</b>	<b>Remark</b>
1.	Stationery Items Cost	3,400.00	
2.	W - Fi Internet Cost	1,000.00	
3.	Transportation Cost	3,000.00	
4.	Accommodations (lunch) Cost	4,000.00	
5.	Contingency (10%)	1,140.00	
	<b>TOTAL BUDGETED COST</b>	<b>12,540.00</b>	

## **Appendix 2- Questionnaires**

### **ADDIS ABABA UNIVERSITY**

#### **FACULTY OF BUSINESS AND ECONOMICS**

#### **DEPARTMENT OF MANAGEMENT**

#### **MASTERS OF SCIENCE IN INTERNATIONAL BUSINESS**

Dear, respondents

My name is Mkiyas Teklehaymanot and I am conducting a study entitled, "Effect of leadership styles on employees' motivation: The case of selected MNCs' in Addis Ababa, Ethiopia" to partial fulfillment of the requirement for the completion of MSc. Degree in International Business (MB) from Addis Ababa University.

The aim of this study is to examine the impact of leadership style on employees' motivation and any information obtained regarding with this study will be used for academic purpose only and remain strictly confidential and not to be shared to any of your organization's administrators, supervisors or employees.

Your contribution to this work is valuable. If any clarifications are needed you can contact me at [mikeyasteklehaymanot@gmail.com](mailto:mikeyasteklehaymanot@gmail.com)

Thank you in advance for your time and assistance

**Section 1- DEMOGRAPHIC DATA**

Please fill in the blanks, and put this mark (✓) to indicate your choice for these items that have alternative responses.

Ser. No.	Description	1	2	3	4	5
1	Sex	Female <input type="checkbox"/>	Male <input type="checkbox"/>			
2	Age	<input type="checkbox"/> (20-30)	<input type="checkbox"/> (31-40)	<input type="checkbox"/> (41-50)	<input type="checkbox"/> (51-60)	<input type="checkbox"/> (Above60)
3	Educational Background	Certificate <input type="checkbox"/> ( Vocational/ technical School)	Diploma <input type="checkbox"/>	Degree <input type="checkbox"/>	Masters <input type="checkbox"/>	PHD <input type="checkbox"/>
4	Work Experience, in your organization	<input type="checkbox"/> Below 1 Year	<input type="checkbox"/> 1 & 2 Years	<input type="checkbox"/> 3 & 4 Years	<input type="checkbox"/> 5 Years	<input type="checkbox"/> More than 5 Years
5	Job Position	<input type="checkbox"/> Junior	<input type="checkbox"/> Middle	<input type="checkbox"/> Senior	<input type="checkbox"/> Managerial Level	<input type="checkbox"/> Principal ( Owner)
6	No of subordinates under your supervision (if applicable)	<input type="checkbox"/> 1 – 5 employees	<input type="checkbox"/> 6 - 10 employees	<input type="checkbox"/> 11 – 20 employees	<input type="checkbox"/> 21 - 30 employees	<input type="checkbox"/> Above 30 employees

**Section A- Multifactor leadership questionnaire that is used to rate leaders (rather for m).**

Please tick your preferences

No	Items for rating employers'	Not at all (1)	Once in a while (2)	Sometimes (3)	Fairly often(4)	Frequently, if not always(5)
1	Acknowledges the distinct needs, competencies, and aspirations that differentiate me from my peers.					
2	Invests time in instructing and mentoring					
3	Facilitates the enhancement of my strengths.					
4	Provides individualized attention, rather than merely recognizing me as a member of a collective.					
5	Articulates a persuasive vision for the future.					
6	Engages in discussions with an optimistic outlook regarding future possibilities.					
7	Demonstrates a conviction that objectives will be realized.					
8	Speaks with fervour about the necessary accomplishments.					
9	Prioritizes the welfare of the group over personal interests					
10	Exhibits a sense of authority and self-assurance					
11	Fosters a sense of pride in my association with his/her.					

12	Acts in ways that cultivate respect within me.					
13	Suggests innovative perspectives on how to approach the completion of assignments.					
14	Makes me consider issues from several perspectives.					
15	Examines important presumptions again to see if they make sense.					
16	Looks for other viewpoints for resolving problems.					
17	Shows genuine concern for team members' well-being.					
18	Recognizes and rewards individual contributions.					
19	Actively listens to team members' concerns and suggestions.					
20	Builds strong relationships with team members.					
21	Provides regular feedback on my performance.					
22	Ensures that processes and procedures are followed consistently.					
23	Holds team members accountable for their responsibilities.					
24	Encourages adherence to organizational policies.					
25	Open to new ideas and approaches from team members.					
26	Encourages collaboration across different teams or departments.					

27	Values transparency in decision-making processes.					
28	Makes decisions based on data and objective analysis.					
29	Sets clear goals and objectives for the team					
30	Evaluates the outcomes of decisions and adjusts strategies accordingly.					
31	Encourages a logical approach to problem solving					
32	Procrastinates in addressing to urgent questions					
33	Neglects to engage when critical matters emerge.					
34	Avoids the process of making determinations.					

**Section B Employees` Motivation survey (EMS)**

Items	Poor (1)	Satisfactory (2)	Good (3)	Very Good(4)	Excellent (5)
<b>PAY AND PROMOTION POTENTIAL</b>					
Job Security					
Benefits (Health insurance, life insurance, etc.) offered					
Recognition for works achieved					
Promotion Opportunities					
Salary offered					
<b>USE OF SKILLS AND ABILITIES</b>					
Support for training & education					
Opportunities to utilize your skills and capabilities					
Opportunities to acquire new skills					
<b>WORK ACTIVITIES</b>					
Degree of independence in work roles					
Good opportunities for periodic changes in duties					
Variety of work responsibilities					
<b>WORK RELATIONSHIPS</b>					
Relationship with subordinates					
Relationship with co-workers					
Relationship with supervisor					
<b>GENERAL WORKING CONDITIONS</b>					
Flexible schedule					
Hours worked each week					
Paid vacation, time/sick leave offered					
Location of work place					

Bass and Avolio (1989)