

**The Relationship between Leadership Styles and Employees Engagement in
Ethiopian Airlines**



**A Thesis Submitted to School of Graduate Studies of Addis Ababa University
For Partial Fulfillment of the Requirements of the Degree of Master in
Business Administration in Management**

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Declaration

I, the undersigned, declare that this study entitled “**The Relationship between Leadership styles and Employees Engagement in Ethiopian Airlines.**” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES

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Employees Engagement in Ethiopian Airlines”**

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Statement of Certificate

This is to certify that Ermiyas Zeberga has carried out his research work on the topic entitled **The Relationship between Leadership Styles & Employees Engagement in Ethiopian Airlines** for the partial fulfilment of Masters of Art in Human Resource Management at Addis Ababa University-School of Commerce. This study is an original work and not submitted earlier for any degree either at this University or any other University and it is suitable for submission of Master's Degree in Business Administration in Management.

Advisor: Dr. Jemal Mohammed

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ACCRONYMS & ABBRIVATIONS

AA	Addis Ababa
ET	Ethiopian Airlines
MLQ	Multifactor Leadership Questionarie
UWES	Urchtect Work Engagement Scale
AB	Absorption
DC	Dedication
VG	Vigor

Abstract

The dynamic and turbulent nature of current competitive global economy has pushed companies to exploit their available resources as a means of achieving competitive advantage. In this regard leadership can be considered as a critical and essential because it has a great consequence on the performance of an organization. The study followed both descriptive and explanatory type of research design and quantitative study approach is used to investigate the relationship between Leadership styles and employees' engagement at Ethiopian Airlines. The target population of this study was employees of Ethiopian Airlines working at Head Quarter, which includes the 7strategic business units. From 9,604 total populations of Ethiopian Airlines Head Quarters, 370 employees were selected as samples of the total population. Stratified random sampling technique was used to select the samples of the total population. As the study was crosssectional, one time data was collected by using standardized questionnaires of leadership behavior (Multi Factor Leadership Questionnaire 3rd edition) and Urchtect work Employees engagement rating scale. Correlation and linear regression were used to analyze the relationship between Transactional & Transformational leadership styles and employees engagement dimensions. The regression results showed that Transactional & Transformational leadership styles have positive relationship with employees engagement. Moreover, all employees' engagement dimensions were significantly explained by Transactional & Transformational leadership styles .Generally, Transformative leadership has strong relationship with employees' engagement and leaders shall be more transformative to enhance and develop employees' engagement to the highest level.

Key words: leadership style & employees engagement.



CHAPTER ONE

INTRODUCTION

1.1 Background of the study

It is commonly acknowledged that human resources are the most important asset in any organization. In a turbulent environment characterized by high staff turnover, human resources practitioners' major challenge is to find ways of attracting and retaining creative and dedicated staff committed to the organization and to determine which working conditions stimulate employees to give their best, to be engaged, to go beyond what is expected and persist in the face of difficulties. In modern organizations employees are expected to be proactive and show initiative, collaborate smoothly with others and be committed to high quality performance standards and be responsible for their own professional development (Bakker and Schaufeli, 2008).

Today, society and business are witnessing unprecedented change in terms of the global nature of work and the diversity of the workforce. Organizations in the world are moving forward into a boundary-less environment. Having the right talent in pivotal roles at the right time is of strategic importance, making a difference to revenues, innovation and organization effectiveness. The ability to attract engage, develop and retain talent is become increasingly important for gaining competitive advantage (Ashton and Morton, 2005).

Any organization regardless of its size, nature and scope of operation, needs competent human resource if it aims to be highly competitive in the current rapidly changing environment. However, having this talent base on its own will not be sufficient to achieve the objectives an organization sets. Employees have to be engaged to their jobs (Fallen Mendes & Marius U., 2011).

According Armstrong (2010), the engagement level of employees will be reflected on the services, or even on the faces of the employees, which would have a major impact on the satisfaction level of ultimate customers.

The Certified Institute of Personnel Development (CIPD), (2014) acknowledged that there are many definitions stated for employee engagement and notes these differences emanate from the emphasis placed upon different aspects of an employee's engagement.

Employee engagement is defined as the level of commitment and involvement an employee has towards their organization and its values (Kahan, 1990).

According to Lee and Ok (2015), Employee engagement refers to the degree of behavioral, emotional, and cognitive involvement in a job role. Handa & Gulati (2014), defined Employee engagement as being associated physically, cognitively, and emotionally with one's work and coworkers, revealing one's identity, thoughts, and feelings with one's work role

This vital element, employee engagement, can be affected by various organizational and non-organizational factors. Among various factors affecting employee engagement, this study is focused on the leadership styles of the management.

According to Lieli Suharti & Dendy Suliyanto (2012), Leadership style have significant effect on employee engagement. Good leadership style will create positive impression in the employees' mind and the employees will have a strong engagement with their task and the organization as a feedback from that positive impression

As stated by Vidyakala K, (2014), Proper leadership style influence employees' engagement by supporting employees to perform efficiently thorough creating a sense of belongingness and accountability. Effective leadership style can directly influence employees' morale, retention, commitment, satisfaction and perception. In this regard, Leadership style is an effective tool which can be used for designing an employee's engagement program in an organization and generate sense of engagement which direct employees to willingly put their head and heart into their work.

In this specific research, the researcher will address the relationship between Leadership Style and Employees Engagement particularly as perceived by employees of Ethiopian airlines enterprise. Moreover it will look at the engagement level of the employees in the enterprise by leadership style.

1.2 Back ground of the Study Organization

Ethiopian Airlines Enterprise is the flag carrier of Ethiopia and fully owned by the government of Ethiopia. Ethiopian Airlines was established in February 1946 G.C as Share Company in association with the American Trans World Airlines (TWA) with five Douglas C-47 Sky trains.

The first commercial flight of Ethiopian took place on 8 April 1946 with a flight to Cairo, via Asmara. The success of its journey, initiate the airline to develop its capacity by purchasing additional four C-47 Sky trains from America.

Since 1959, Ethiopian Airlines is a member of the International Air Transport Association (IATA) and in 1968, the airline became a member of African Airlines Association (AFRAA). The flag carrier (Ethiopian) is also a member of Star Alliance starting December 2011.

The efficiency and operational success, continuous financial profit for almost all the years, and its forefront technology, enable the airline to become one of the competitive leading commercial airline in the continent and to put one step ahead the airline industry in Africa.

Ethiopian airlines provide both passenger and cargo air transport services to its customers. Currently Ethiopian Airlines most of destinations are covered in Africa, however, the airline also flies to Americas, Asia, Europe and the Middle East. Besides transporting passengers the Organization gives Cargo transportation services, Aircraft maintenance Services, Aviation and Customer service trainings for various local and international customers.

By the end of 2015/16 budget year, Ethiopian has generated 55 billion birr revenue and 6 billion net profits respectively. The airline also provided 7.6 million passenger transport service and 270 tons of cargo service for its customers. And the airline revenue has shown increment by 70% comparing to the previous budget year 2014/15 (Reporter Magazine, 2017).

1.3 Statement of the Problem

Various studies have shown that, there is a direct positive correlation between employees' engagement and productivity. Companies who are highly dedicated on employees' engagement has a better performance on delivering best customer service. Therefore, Organizations needs to have hard working, loyal and engaged workforce to accomplish their objectives (Mosadeghrad, 2013).

Business Consultant and former General Electric CEO Jack Welch cites employee engagement as the most critical measure of a company's health. Employee engagement is more important than customer satisfaction or cash flow. Engaged employees will go extra mile to serve customers and be an advocate of the organization. Therefore, consistent focus on increasing and development of employee engagement deliver customers' satisfaction and produce great achievements. (SHRM Foundation, 2012).

As studies shows that, realizing high level of employees engagement is seems quite difficult for organizations. According to research conducted on level of employees' engagement of across nations, 42 percent of employees globally are considered somewhat or completely disengaged (Aon Hewitt, 2012).

One of the determinant factor of employee engagement is leadership and leadership styles leaders' display. According to different scholars, it has been suggested that there is high correlation between leadership and employee engagement. However; according to Xu & Thomas, (2011), there is still remains a gap in understanding the effect of leadership style on engagement and which leader behaviors bring about higher levels of engagement.

Hartog and Belschak (2012), Alock & Israel (2012) Ayree & walumbwa, Shuck & Herd (2012) investigated leadership as a crucial element in the development of employee engagement, but there remains a gap in understanding what leadership styles could affect engagement. As per their findings, some of the scholars suggest that transformational & Transactional leadership style has significant positive relationship with employees' engagement.

Ethiopian airlines has around 11,080 thousand employees having direct & indirect contact with its customers and operations. Majority of the employees by specialty in the

airline are Technicians, Cabin crews, Customer service agents & Support Service employees respectively.

According to public relation office different announcements made through the company email communication channel and several meetings held by the management, Ethiopian is considered as one of the best practicing company in the area of leadership. However, still company's employees' engagement is in challenge. According to reports, employees' engagement is highly affected by leadership styles of the management. As per Ethiopian Airlines Industrial relation office exit interview annual report of year 2014/15 shows, majority (43%) of the employees who resign from the company is associated with leadership style of the company. In addition, the result of previous employee engagement survey results made by Ethiopian Airlines Employee Engagement office shows low level of employees engagement & the necessity of management's involvement in practicing effective leadership style to enhance employees' engagement

Therefore, the purpose of this research is to assess the leadership styles of Ethiopian Airlines in relation to employees' engagement. In addition, this study also seek an answer to the question; which leadership style highly influence employee engagement in the airline industry particularly at Ethiopian Airlines. Furthermore, it fills the controversial gaps of different research studies that have been conducted on leadership style with respect to employee engagement. Consequently, it contributes meaningfully to the body of growing literature and knowledge in this area of study in airline industry.

1.4 Research questions

Generally based on the research problems, the study addressed the following research questions:-

1. What is the Leadership style in Ethiopian Airlines?
2. What is the relationship between the Transactional & Transformational leadership style with employees engagement in Ethiopian Airlines?
3. Which leadership style create of employees' engagement in Ethiopian Airlines?
4. How much is the overall engagement level of employees in Ethiopian Airlines?

1.5 Objectives of the study

The study is conducted with the aim of achieving the following objectives:

1.5.1 General Objectives

The general objective of the study was to identify the leadership style of Ethiopian Airlines and its relationship with employee's engagement.

1.5.2 Specific Objectives

Beside the above major objective, the following were specific objectives of the research

1. Identify the leadership style of Ethiopian Airlines.
2. Determine the relationship between leadership style and employees engagement of Ethiopian airlines.
3. Identify the leadership style which create high level of employee engagement in Ethiopian airline.
4. Measure the overall engagement level of employees in the enterprise?

1.6 Significance of study

This study investigated the relationship between leadership style of management staffs and subordinate engagement of Ethiopian airlines employees. Besides it assessed the perceived engagement level of the employees by leadership style.

Conducting this study was useful in:

1. To show or clarify the nature of leadership style adopted by Ethiopian airline.
2. It will add to literature in determining the relationship of various leadership style and the different issues of employees' engagement.
3. Creating awareness on the current engagement level of Ethiopian airlines employees by leadership style.
4. Serving as a source document for those who want to pursue further study in the area.

1.7 Delimitation/Scope of the Study

The researcher believes that the study will be completed if it covers all employees working in Ethiopian airlines enterprise and assess all variables affecting employee

engagement. However, due to resource constraints, the researcher is forced to delimit the study in to the following areas:

1. Ethiopian airlines enterprise have employees working in various cities in Ethiopia and abroad, but the research is done only on Employees located in Addis Ababa Ethiopia (Head Quarters).
2. From different variables affecting employee engagement; this study focused only on Transactional & Transformational leadership styles as independent variables of the study.

1.8 Organization of the Study

The study is organized in to five chapters. The first chapter focuses on the introduction and background of the study in this chapter, the main blue print of the study being highlighted.

The second chapter is Review of related literature, various literatures regarding with the study variables will be presented. And accordingly conceptual frame work was developed per the scholars.

In the third chapter, the research design and methodology of the study is presented. Particularly, the third chapter explain the research design, methodology & Instruments used, data sources, data collection technique and reliability testing are presented.

In the fourth chapter per the collected data, findings and analysis of the study are presented.

Finally, in the fifth chapter Summary and conclusions of the study and subsequent recommendations are presented.

CHAPTER TWO

LITERATURE REVIEW

The literature review chapter describes and examines related and supporting theories of the research Problem. The definitions and concepts of employee engagement and Leadership have been reviewed, the factors and variable that influence each concept were identified, the relationship between the two concepts from previous researches is summarized and to conclude conceptual frame work of the research is illuminated.

2. 1 Engagement

Employee engagement has become an attention-grabbing topic in recent years. Despite the topic getting to much concern, still there remains an inadequacy of critical academic literature on the topic. However, different researchers put forward & display a great deal of interest research in the area of employees' engagement, there is still particularly a little is known about how employee engagement can be influenced by leadership styles of managers (Saul, Kim, and Taesung, 2015).

Work engagement is an emerging concept in positive psychology, which focuses on human strengths and positive experiences at work and has been recently discussed by the organizational behavior researchers (Mauno et al, 2007; Schaufeli et al., 2002; Seligman and Csikszentmihalyi, 2000; Bakker and Schaufeli, 2008).

Engagement is a strong pledge between oneself and the job responsibility where people fully express themselves physically, cognitively and emotionally at work (Wildermuth, 2008). Although the term of employee engagement was primarily emanated from a study of morale, it way back in 1920's, but structure of the concept was clearly positioned out by Kahn in 1990 and finally, later recognized by the Gallup Organization (Tiwari, 2011). This tell us that, the concept of employee engagement has been evolving since the past two decades (Mohapatra and Sharma, 2010; Shuck and Herd et al, 2012).

2.1.1 Definitions of Engagement

Several literature reviews have revealed that employee engagement has been intellectualized in many different ways by different scholars and it shows that, there is no single definition that can comply with all different situations. And researches done on the area has shown that employee engagement is modified and adapted in different *form* depending on the contexts of study.

According to Welch (2011), there are many different explanations of employee engagement used by the researchers and at some point of time, contexts, situations especially when relating the subject to certain situations in different environments or applying other predictors or in relationships with other variables create state of confusion in the description and usage of employee engagement,

One of the first challenges presented by the literatures is the absence of a universal definition of employee engagement. According to Kahn (1990) employee engagement is defined as “*the harnessing of organization members’ to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances*”.

The physical aspect of employee engagement concerns physical energies exerted by individuals to accomplish their roles. The cognitive expression of employee engagement is about employees’ beliefs towards the organization, its leaders and working conditions. And emotional aspect concerns how employees feel on each of those three factors and whether they have positive or negative attitudes about the organization and its leaders. Thus, according to Kahn (1990), engagement means to be psychologically as well as physically present when occupying and performing an organizational role.

Stockley (2007) defined engagement as the degree that an employee believes in the mission, purpose, and values of an organization, and display or reflect that commitment by his/her actions as an employee and attitude towards the employer and customers.

Most often employee engagement has been defined as emotional and intellectual commitment to the organization (Baumruk 2004, Richman 2006 and Shaw 2005) or the amount of discretionary effort demonstrated by employees in their job (Frank *et al* 2004). Although it is acknowledged and accepted that employee engagement is a multi-faceted construct, as previously suggested by Kahn (1990), on the other hand, Christian (2007) state that engagement constitutes the attitudes or awareness of employee regarding specific elements of his/her workplace or welfare.

The Corporate Leadership Council (2004) and Blessing (2005) define employee engagement as emphasize on cognitive connection among employee to work and subsequently behavior's that the employees express on job satisfaction and their effect on how hard the employee is really want to work.

Hewitt Associates (2006) defines employee engagement as those who say speak - positively about the organization, stay – desire to be an effective member and strive - continue to perform beyond minimal requirements for the organization.

Employee engagement, according to the Corporate Executive Board (2004) is the extent to which an employee commits to something or someone in the organization and how long they stay as a result of their commitment.

According to Baumruk (2004), Employee engagement is a concept that comprehends the value of understanding and improvement of individual and organizational performance which can be influenced by the leader.

In theory, the impact of leadership on employee engagement is the leadership style that is adopted to improve employee engagement at work. A leadership style improve employee engagement, employee fulfillment (satisfaction), and employee interest for work (Alok & Israel, 2012).

As explained by Sarangi (2012), Employee engagement is indicated by three characteristics, namely employees who want to say or speak positively about the organization, employees who want to live or have a desire to become members of the

organization, and employees who are trying to work beyond what is expected for the organization.

Employee engagement has potential applications for the practices of human resource management such as assigning and demarcating roles, support, and flexibility. Each employee is a key element in every company and exhibit the capacity to enforce strategies and accomplish its objectives. There are many various studies that measure the construct of connection, but not always consistent operational definition (Christian et al., 2011).

Hassan and Ahmed (2011) discussed that, most recent researches have substantiated the notion of employee engagement as valid and reliable concept consisted of energy, involvement and efficacy which drive employees to perform their roles.

Some are found confused with the definitions of employee engagement with employee job satisfaction. As employee engagement is something that occurs when workers are committed to helping their companies achieve all of their goals. Engaged employees are motivated to show up to work every day and do everything within their power to help their companies' succeed. Unlike employee engagement, employee satisfaction is the state of a worker enjoying their job but not necessarily being engaged with it (Swaith, 2013).

In summary, however; the definition and meaning of engagement in the practitioner & academic literature described as a distinct and unique concept all reflect that it consists of cognitive, emotional, and behavioral components which connected with individual role performance.

2.1.2 Dimensions of Employee Engagement

According to Maslach (2001) burnout model, the three dimensions of engagement are Vigor, Dedication, and Absorption. The presence of these three characteristics, create positive work fulfillment towards employees.

In Schaufeli,(2002) conceptualization, employees who are not burnt out are not automatically engaged rather only those employees that are fulfilled on certain dimensions may be classified as engaged.

Vigor may be defined as "high levels of energy and resilience, the willingness to invest effort in one's job, the ability to not be easily fatigued, and persistence in the face of difficulties" (Schaufeli et al. 2002,p. 417).An employee who feels great vigour while working is highly motivated by the content of the job (Mauno et al., 2007). This concept is similar to the behavioral engagement dimension in the HRD view. Shuck and Reio (2013, p. 423).

Employee dedication involves a "strong involvement in one's work, accompanied by feelings of enthusiasm and significance, and by a sense of pride and inspiration" Schaufeli et al. (2002, p. 417). The concept of dedication appears to be closely related to the organization and shares similarities with the concept of commitment (Mauno et al., 2007). In the HRD view, this concept is nearly similar with emotional engagement and refers to "the emotional bond one feels toward his or her place of work" (Shuck and Reio, 2013, p. 423).

Absorption is conceptualized as a "pleasant state of total immersion in one's work, characterized by time passing quickly and being unable to detach oneself from the job" (Eisenberger ., 2005).Absorption is characterized by total concentration on the work being done for example, being so immersed in work that time ceases to matter. Many authors say that such an occurrence is more likely to take place in work situations that are characterized by high challenge or skill utilization (Eisenberger etal, Gonzales-Roma et al., 2006).

As discussed by Bakker and Schaufeli (2008), recognizing the positive aspects of work is critical, because organizations are in need of employees who feel satisfied, vigorous and dedicated and who are absorbed by their work.

2.1.3 Measuring Employee Engagement

As engagement is a measurable construct, there are various employee attitude surveys in use currently, which are developed in-house by organizations' HR departments with the aim of measuring engagement levels in the company and measures produced by large

consultancies that allow companies to benchmark their levels of engagement against data derived from hundreds or thousands of companies.

Engagement surveys are a device for employee feedback which can be used periodically as a tester to show how well the organization is doing. Due to the difference in assumption, usage and requirement of organizations various employees' engagement measuring tools are developed to enable organizations benchmark with caution.

2.1.3.1 Gallup Workplace Audit (q12)

This measure of employee engagement is based upon the work of Buckingham and Coffman (1999), who derived 12 questions to measure employee engagement from thousands of focus groups across 2,500 business, education and other units (Luthans and Peterson, 2002).

After regressive and extensive researches made in different industries, Gallup create Q12, a 12-question survey that identifies strong feelings of employee engagement measurement and feedback system for employers that would identify elements of employee engagement. Factors such as customer loyalty, retention, productivity, profitability, and safety are included in this model. The questions address issues such as understanding what is expected of you at work, having the resources to perform well, recognition and praise, encouragement to develop, being listened to and friendships at work (Bates, 2004).

2.1.3.2 IES Engagement Survey

It is an engagement indicator composed of twelve attitudinal statements that survey organizational citizenship, organizational commitment, a degree to which individuals identify with the values of the organization, and belief that the organization enables individual to perform well. Respondents mark their level of agreement with each statement on a scale of one to five. It is also available in a shorter five statements indicator, and has demonstrated good statistical reliability (Robinson, 2007).

2.1.3.3 Net Promoter

Net promoter is a tool an example of a metric for customer engagement based upon the premise that an organization's customers fall into three categories, promoters (loyal enthusiasts), passives (satisfied but unenthusiastic, may stray to the competition), and detractors (unhappy, may speak negatively of the organization). By questioning a single question, 'how likely is it that you would recommend the company to a friend or colleague?' these groups can be identified and organizations can get a measure of customer loyalty.

The Net Promoter calculate companies score by taking a percentage of the promoters and subtracting the percentage of detractors (Satmetrix Systems, 2006).

Various researches suggest that being a positive advocate for the organization is a key result of employee engagement (eg Scottish Executive Social Research, 2007; Penna, 2006). Measuring such word-of-mouth advertising by employees and identifying promoters and Net Promoter scores may therefore provide organizations with an engagement gauge, and an idea of where to interfere to increase numbers of the promoting engaged, and minimizes the detracting disengaged.

2.1.3.4 Roffey Park Institute's Engagement Diagnostic Service

The scales developed by Roffey Park Institute enable companies to determine and understand their level of engagement. The measurement scale bench mark companies by four major key indicators which are employees' relationship at work, employees' commitment to the organization, return they receive and feelings towards their job and role. The scale is statistically validated and also enables companies to know how to improve engagement level of employees. (Roffey Park Institute, 2008).

2.1.3.5 Towers Perrin Rapid Engagement Diagnostic Survey

It is a web or paper based survey that enable organizations to measure and benchmark engagement levels. It also clarifies what may drive engagement in a given organization. This survey is developed by undertaking the work of more than 40000 employees in

northern America. This survey is faster and cheaper to conduct unlike traditional measurement surveys. (Towers Perrin, 2005).

2.1.3.6 Workplace Insight Tool (WIT)

It is a survey based on assumption that, business can improve engagement levels by focusing in key issues such as listening, flexibility of working hours, trust and avoiding long hour working. Then response will be statistically analyzed to discover the correlation between employee engagement and the areas which can be targeted for change' (Best Companies, 2009).

2.1.3.7 Utrecht Work Engagement Scale (UWES)

According to Maslach (2001), UWES is designed to measure engagement based on assuming that it is a "*positive work-related state of fulfilment that is characterized by vigor, dedication, and absorption*" (Schaufeli, Bakker and Salanova, 2006). It is build up from three scales each measure one of its constructs.

The tests conducted have shown that the three scales have good internal consistency and reliability, which indicate the scale is reliable (Schaufeli et al., 2002; Schaufeli et al., 2006).

2.1.4 Categories of Employee Engagement

According to Coffman (2002), there are three categories employees in terms of engagement. Those are employees who are Engaged, Not engaged and Actively Disengaged.

Engaged : An engaged employee can be expressed as one who is devoted and serious to its job, He/ She is personally feel responsible and obligated to the work to be done . An engaged employee could go extra mile than their job description and support improve the company's performance with great achievement. Vazirani (2007) stated that an engaged employee is a builder as he/she is aware of what is expected of him/her in the job and has ability to achieve it. An engaged employee works consistently every day at a significant committed level exerting his/her effort, talent and strength to come up with innovation to move up the company's status to the next level from its previous position.

Not Engaged: According to Coffman (2002) the second groups of employees are the “Non Engaged Employees”. These are a type of employees who do not have energy during performing their job. According to Vazirani (2002), “Not Engaged Employees” have a tendency to concentrate on the task rather than the outcomes that the companies try to achieve; they do and finish what they have been told to do. They consider themselves by accomplishing their task they achieve a result.

Actively Dis-engaged: “Actively Disengaged Employees” are those employees are who are unhappy and they spread their unhappiness in the organization. They spread negative word, provoke and convince employees in the organization to leave their jobs www.managementstudyguide.com.

From academic overview, there are approaches explained the existing form of employee engagement. These are (a) Need-Satisfying Approach by Kahn in 1990, (b) Burnout-Antithesis Approach by Maslach et al.in 2001, (c) Satisfaction-Engagement Approach by Harter et al. in 2002, and (d) Multidimensional Approach by Saks in 2006 (Shuck, 2011).

Similar to the approaches described above, there are also four (4) models of employee engagement used by organizations which are Gebauer Attraction, Retention and Engagement Model by Gebauer in 2008, Towers Perrin Model by Perrin in 2003, Structural Equation Model of Engagement by Langford, Parkes and Metcalf in 2006 and High Performance Model by Vance in 2006 (Muller, 2009).

The approaches and models have been debated and tried to lay out the significant dimensions and conditions which the differences, disagreements and direct-opposition among them, they have finally came to an agreement. Discussion and debate on the approach crate platform for the process of the engagement to take place and the models assist to prioritize the areas for improvement based on their potential impact on engagement (Aon Hewitt, 2011).

2.1.5 Benefits of Employee Engagement

The significance of employee engagement is that it is at the heart of the employment relationship. It is about what people do and how they behave in their roles and what makes them act in ways that further the achievement of the objectives of both the organization and themselves (Armstrong, 2010).

The Gallup Organization found employee retention up 44 percent and productivity up 50 percent for engaged employees compared to those employees classified as non-engaged or actively disengaged (Kimbell & Nink, 2006).

In a brief review of literature, Bakker and Schaufeli (2008) note that engaged employees are more creative, more productive, and more willing to go the extra mile. In another review, researchers propose a performance management model emphasizing improving employee engagement in order to achieve higher business performance (Gruman & Saks, 2011). When employees are engaged in their jobs, they will increase the behaviors that promote the good of the organization (Babcock - Roberson & Strickland, 2010).

Research reported by Watkin (2002) found that there were considerable differences in value-added discretionary performance between 'superior' and 'standard' performers. The difference in low complexity jobs was 19 per cent, in moderate-complexity jobs 32 per cent and in high-complexity jobs 48 per cent.

According to wise step experts employee engagement provide competitive advantage to organizations' in capitalizing their human resource because the presence of employee engagement:

- **Motivates employees:** when employees engaged and participate in the organization, their level of feeling and encouragement will be motivated to further accomplishment (Bass, 1990).
- **Create positive expectation:** engagement makes performance of the employees gets affected in a positive manner. This drive employees to start performing better

for the organization ultimate goal (Waltair, Visakhapatnam & Andhra Pradesh, 2010).

- **Enhance creativity:** The more the participation, more the work delivered is creative. The employees get a broader sense of perspective which also helps in increasing creativity of the employees (Robinson, 2004).
- **Make decision making more effective:** when employees are engaged, their outlook and conceptualization will get broaden, which helps the management to make an effective decision making by involving them (Avolio & Bass, 1995).
- **Increase employees working capacity:** Engaged employees are very eager to carry out their duties and accomplish tasks related with their job. In this progress they will acquire huge capacity to perform well and increase their potential (Towers Perrin, 2003).
- **Create Sense of responsibility:** Employees who are engaged feel a great sense of responsibility when they are directed to perform certain tasks. Responsibility goes along with the authority. So, when they are given responsibility, they automatically feel authority to work which is again a sign of positivist. It is beneficial both for the company as well as the subordinates participating in the decision making process.
- **Drive employees to perform the best:** Engaged employees has a key role in organizations. This is because such employees will always try to perform at the maximum potential with dedication (Development Dimensions International, 2005).
- **Increase novelty:** Novelty of ideas will enhance when employees are engaged. Engaged employees perform their duties with internal driven motives by being psychologically and emotionally focused. This will enable them to see a better way to perform the tasks (Bakker, 2007).

2.1.6 Factors Predicting Employees Engagement

In recent years, attention has been paid not only to engagement dimensions but also factors that have predictive influence on work engagement such as leadership style (Ilies, 2007; Li, and Sanders and Frenkel, 2012; Huang, 2010; Bernerth, 2007; Chen and Chen, 2012).

The leader is an important component of the work context because he/she can affect how individuals view their work. Macey and Shneider (2008) states that when leaders have clear expectations or fair, and recognize good performance, the leader will have a positive effect on employee engagement by giving birth to a sense of attachment to the job. Leadership can increase the sense of engagement and employee involvement, teamwork, commitment, competence, and performance of employees (Shamir et al., 1993; Yuan, Lin, Shieh, & Li, 2012).

A number of studies suggest that immediate supervisors (leaders) and performance feedback from them are among the key drivers for employees' engagement in the service delivery sector (Bakker et al, 2007; Hakanen et al., 2006; Karatepe et al.; Demerouti et al., 2001).

Evidences suggest that leadership style is an important key concept influencing work engagement (Demerouti et al., 2001; Hakanen et al., 2006; Shaufeli et al., 2008). In this regard, some researchers claim that the style of leadership adopted by immediate supervisors should be effective in order to create favorable working condition and employees engagement as they are the ones who frequently interact with employees (Li, Karin and Frenkel, 2012; Law et al., 2010).

2.2 Leadership

Leadership is a universal phenomenon which exists in every institution and sectors. Various scholars put definitions about leadership per their understanding and depth know how on the area. Leadership is arguably one of the most observed, yet least understood phenomena on earth (Burns, 2010).

Leadership can be defined as a collaborative process providing the necessary guidance and direction. The three interacting foundations of leadership are: a leader, employees and a situation (Goodnight, 2004:820).

Leadership has been conceptualized in many different ways and the following components can be identified as being central to the leadership phenomena (Northouse, 2013).

- Leadership is a process;
- Leadership involves influence;
- Leadership take place in groups; and incorporates common goals.

Through the process of leadership the leader of an organization will influence a group of followers to accomplish a common purpose. The key elements of this definition of leadership involve the process, influence, groups and mutual purpose. Defining leadership as a process emphasizes that leadership is not a trait or characteristic but it is a transactional event between a leader and the followers. Leaders therefore affect and are affected by followers, highlighting that leadership is not a linear, one way event but an interactive event (Northouse, 2013).

Influence is concerned with how the leader affects his followers without which leadership cannot exist. Leadership will always be in the context of a group, where the leader will inspire a group of followers to reach a common purpose. Common purpose being the leaders directed energies to guide a group of followers to complete something together (Northouse, et al.2013).

Leadership is about setting a direction or developing a vision of the future together with the necessary strategies for producing the changes needed to achieve a vision (Long, & Thean, 2011). Leadership is one of the most observed and least understood phenomena on earth (Burns, 1978).

Leadership involves a type of responsibility desired at achieving particular ends by relating the available resources (human and material) and ensuring a cohesive and coherent organization in the process (Ololube, 2013).

Leadership is a process that involves influence with a group of people toward the realization of *goals* (Wolinski, 2010). Northouse & Rowe (2007) defined leadership as a process whereby an individual influences a group of others to accomplish a common goal.

According to Zagorsek (2004) leadership is an influence process between leader and followers, where the leader influences, motivates, and facilitates the activities of an organization group towards goal achievement by mostly non coercive means.

Stodgily (1974) mentioned that, "there are almost as many definitions of leadership as there are persons who have attempted to define the concept". Therefore, as we can see from scholars, the definition of leadership is different as per their view and understanding they want to define the concept. Even if their definition about leadership is different, they all tried to mention that, Leadership as a process, occur between leader and followers, aims to achieve desired outcome.

Through Stretching the concept of leadership, researchers have proposed many various styles of leadership as there is no particular leadership style that can be considered universal. Despite the many diverse styles of leadership, an effective leader inspires, motivates, and directs activities to help achieve group or organizational goals. Conversely, an ineffective leader does not contribute to organizational progress and can, in fact, detract from organizational goal achievement (Rose Ngozi, Gloria Jones & Prince Ololube, 2013).

Various leadership styles have been researched across several years and decades. This study is focused on the two modern theories (Transactional and Transformational Leadership styles) which were proposed by Bass. (Bass, 1990, Lather et al., 2009; Eren, 2010; Giri & Santra, 2010).

2.2.1 Leadership styles

The reviewed literature on leadership demonstrates a rich tradition of conceptualizing leadership styles.

Leadership style is the way leaders apply social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organization goals¹. A leader can be defined as a person who delegates or persuading others to act so as to carry out specified objectives. Today's organizations need effective leaders who understand the complexities of the rapidly changing global environment. If the task is highly structured and the leader has good relationship with the employees, effectiveness will be high on the part of the employees. (Nanjundes T. and Swamy D., 2014)

The interest in leadership enlarged during the early part of the twentieth century. Premature leadership theories were absorbed on what qualities distinguished between leaders and followers, while late theories considered at other variables such as situational factors and skill level. Until present, many various leadership theories have emerged, most can be classified as one of nine major types:

1. “Great Man” Theories: Great Man theories assume that the capacity for leadership is inherent. Therefore, great leaders are born, not made. These theory often describe great leaders as heroic, mythic, and destined to rise to leadership when needed. The term “Great Man” was used because, at the time, leadership was thought of primarily as male's quality, especially in terms of military leadership.

2. Trait Theories: Similar in some ways to “Great Man” theories, trait theory assumes that people have intrinsic certain qualities and traits that enable them to be better suited for leadership. Trait theories often distinguish particular personality or behavioral characteristics shared by leaders. Trait theory differs from other theories in the sense that it focuses on personal qualities and characteristics rather than on the behaviors displayed by leaders (Gehring, 2007).

3. Behavioral Theories: Behavioral theories of leadership are constructed upon the belief that great leaders are made, not born. Rooted in behaviorism, this leadership theories emphasizes on the actions of leaders, not on mental qualities or internal states. As per this theory, through teaching and observation people can *learn* to become leaders.

4. Contingency Theories: Contingency theories of leadership focus on particular variables related to the environment that might determine which particular style of leadership is best suited for the situation. According to this theory, no leadership style is best in all situations. Success depends upon a number of variables, including the leadership style, qualities of the followers, and aspects of the situation (Chary, 2012).

Contingency theories states that effective leadership depends on the degree of fit between a leader's qualities and leadership style and that demanded by a specific situation (Lamb, 2013).

5. Path–Goal Theories

Path–goal theory was originally developed by Martin Evans in 1970 and expanded by Robert House in 1971 into a more complex contingency theory. Path goal theory identifies four types of leaders behavior that include supportive (relations oriented), directive (task oriented), achievement oriented, participative leader behavior, as well as two aspects of the situation, namely, follower characteristics and task characteristics. In consideration of situations, leaders may use either of supportive, directive, achievement oriented or participative behavior.

6. Transactional Leadership Theories: Transactional theories, also known as management theories, focus on the role of supervision, organization and group performance and the exchanges that take place between leaders and followers. These theory is based on leadership system of rewards and punishments. In other words, on the notion that a leader's job is to construct structures that make it abundantly clear what is expected from followers and the consequences (rewards and punishments) associated with meeting or not achieving

expectations. When employees are fruitful, they are rewarded and when they fail, they will be punished or penalized (Charry, 2012).

Managerial or transactional theories often associated to the concept and practice of *management* and continue to be an extremely common element of many leadership models and organizational structures (Lamb, 2013).

7 LMX Theory: Leader-Member Exchange (LMX) theory focuses on the dyadic and quality of the relationship between leader and follower (Center for Leader Development, 2006). In this style, a successful leader is characterized by high LMX that refers to a high quality relationship where members feel a part of in-group. As a result, they have more responsibility, decision influence, higher satisfaction, and access to valuable resources. Reciprocally, when members feel in the out-group, this relationship is characterized by low LMX. Here, the leader offers low levels of support to the member, and the person has less responsibility and ability to influence decisions. Leader-member relationships emerge as the result of a series of exchanges and interactions during which these roles develop (Laura, Taran, Shuck, Cynthia, Gutierrez, and Sofia, 2009)

LMX theory proclaims that leaders do not interact with subordinates equivalently because supervisors have limited time and resources. One of the implications of this theory is that, the nature of the exchange is determined by the leader based on some presumed characteristics of the follower. According to LMX theory there are two groups which are called in and out

Followers get into one of these two groups are based on:

- A. how well the leader works with them
- B. their personalities
- C. role responsibilities they assume
- D. how well they work with the leader

8 Transformational Leadership Theory

Transformational theory was first adopted by J.M. Burns (1978), the theory focus on the links formed between leaders and followers. In these theories, leadership is the process by which a person *engages* with others and is able to “create a connection” that results in increased motivation and morality in both followers and leaders.

According to Bass (1997), the transformational leader transforms the follower by initiating and support them understand the essence of organizational outcomes, inspiring them to rise above their self-interest to achieve organizational goals, and inducing their higher order needs.

Transformational theories are often compared to charismatic leadership theories in which leaders with certain qualities, such as confidence, extroversion, and clearly stated values, are seen as best able to motivate followers (Datche, A. & Mukulu, 2015, Yukul, 1989 & Bass, 1994).

Transformational leaders are proactive; they advance followers consciousness of superior, common interests and more importantly they motivate followers to achieve extraordinary goals (Avolio & Bass, 2004). A transformational leader is someone who inspires followers to outdo their own self-interests for the good of the organization and who is skilful of having an impact on their followers (Avolio & Bass, 2004).

Transformational leaders have a capacity to inspire subordinates to shift their anticipations, perceptions and motivations and engage towards common goals. Judge and Piccolo (2004) are of the opinion that transformational leadership produces various positive outcomes.

9. Servant Leadership Theory

It calls for the leader to play the role of a servant whose main duty is to serve the followers (Greenleaf Center for Servant Leadership, 1991). Servant leadership promotes the idea that task is accomplished in the context of public victory and win-win relationship (Hersey, Blanchard & Johnson, 2006). Creating connection the basic principles of servant leadership to those of transformational model, Burns (1978) suggested that servant

leadership model takes transformational leadership to a higher level by emphasizing ethical behaviors and practices.

The servant-leadership focuses first and foremost on the development of others, having its basis in the principle that the servant leader ensures that “other people’s highest priority needs are being served” (Greenleaf, 1991). Servant leaders provide vision, gain credibility and trust from followers, and influence others (Greenleaf, 1991).

2.2.2 Full Range Leadership

The Full-Range Leadership is an approach of leadership its goal is persuading and stimulating employees in the sense of raising their motivation and their sense of higher purpose to make their performance optimal while adopting participative, transactional and delegative leadership styles (Barnes 2013, p. 1567; Bass 1985; 1990; Bass and Avolio 1994 cited in Gill 2010, p. 51).

According to Avolio (2010, p.49; p69), the assumption under Full - Range model is that every leader displays the three leadership styles– transformational, transactional and passive- but at different level (Avolio 2010, p. 66). However, a good balance of the three leadership styles is mandatory in order to be effective.

In fact, the Full-Range Leadership theory does not only picture the different characteristics that a leader has, it also shows an arrangement of them and suggests at which intensity each dimension and sub-dimension should be enacted in order to have effective leadership in organizations (Avolio 2010, pp. 66-67;).

As a result, the practice of this model impacts the employees’ performance in terms of volume of work done and quality but also the profitability of the organization

2.2.3 Transformational Leadership Style

According to (Burns) 2001, transformational leadership is a process in which leaders and followers promote each other to higher levels of morality and motivation. Transformational leadership includes affective and charismatic elements of leadership that resonate with

workers who experience a need to be inspired and empowered in uncertain and volatile times (Hughes, 2010).

Transformational leader motivate followers to go further than their own self-interests for the good of the group, organization, or society; to consider their longer-term demand to develop themselves, rather than their current needs; and to become aware of what is really important. Hence, followers will be converted into leaders” (Bass, 1990).

Leaders who follow transformational leadership style are known by their effort in trying to show the organizations a new area for improvement and continue leading by producing new ideas and perspectives. They also mobilize the organization by motivating employees, managers, and members of the organizations to radical changes, transforming organizational pillars to achieve the required readiness and capabilities to move in this new route as well as achieving higher levels of idealized performance (Sanjaghi, 2000).

According to (Yukl, 2006) Transactional and transformational leadership have been widely recognized as not mutually exclusive (e.g. Aldoory and Toth, 2004; Bass, 1999; Bass and Avolio, 1997, 2000; Laohavichien et al., 2009; Werder and Holtzhausen, 2009; Yukl, 2006). However, transformational leadership has gain more scholarly attention across disciplines in the past decade due to its relationship-oriented nature and rich empirical evidences on its positive influence on employee attitudes and behaviors.

Transformational leadership entails behaviors that direct and inspire effort towards organizational goals by articulating a vision that raises employees’ awareness of the importance of organizational values, mission, and outcomes (Wright, Moynihan, & Pandey, 2012, p. 207). Consequently, core to the theory on transformational leadership is a strong emphasis on the role of a collective vision or an idealized set of goals that the organization aspires to achieve one day (Carton, Murphy, & Clark, 2014, pp. 1544-1545).

2.2.3.1 Dimensions of Transformational Leadership

The components of transformational leadership have been justified in a variety of techniques, including through the use of interviews, factor analyses, descriptions of a

follower's ideal leader and observations. Using the Multifactor Leadership Questionnaire; Avolio, Bass, and Jung (1999) identified the distinct components of transformational leadership. The four components of what Avolio referred to as a higher order construct of transformational leadership include:

I. . **Individualized Consideration** – It is the level or degree to which the leader consider to each follower's needs, acts as a mentor or coach to the follower and actively listen to needs and issues of followers. The leader afford empathy and assistance, develop open communication and combat challenges before the subordinates. This also comprises the need for respect and celebrates the involvement of individual that each follower can make to the team. It leads the followers to have a determination and aspirations for self-development and have intrinsic motivation for their tasks (Avolio & Bass, 1995).

II. . **Intellectual Stimulation** – It is the degree, to which the leader challenges assumptions, takes risks and solicits followers' ideas. Leaders with transformational style motivate and boost creativity in their followers. They nurture and cultivate people who think independently. For transformational leaders, learning is a value and unexpected situations are seen as an advantage to learn. It enforce the followers to ask questions, think deeply about things and figure out better ways to execute their tasks (Bass & Avolio, 1995).

III. **Inspirational Motivation** – Transformational leader expresses organization's vision in order to please and inspire followers. Leaders with inspirational motivation, challenge followers with high values, promote positive thinking about future goals, and give meanings for tasks at hand. In order to make followers motivated in the task environment, the essence of strong sense of objective is unquestionable. Purpose and meaning provide the energy that drives a group forward. The visionary dimension of leadership are reinforced by human relation skills that makes the vision to be influential, clear, detailed and engaging. Presence of inspirational motivation will make the followers

to be willing to invest more effort in their tasks, encouraged and optimistic about the future and believe in their abilities (Alvolio and Bass, 1995).

IV. **Idealized Influence** – Provides a role model for high ethical behavior, instills pride, gain respect and trust. These leaders are charismatic, honorable, and trusted. Followers identify with and want to emulate their leaders. Among the things the leader does to earn credit with followers is to consider followers' needs over his/her own needs. The leader shares risks with followers and is consistent in conduct with underlying ethics, principles, and values. Provides vision and sense of mission, instills pride, gains respect and trust (Alvolio and Bass, 1995).

These four dimensions, enable leaders to behave as strong role models and symbolic fostering followers' transformation into more effective and fruitful individuals (Hay, 1995). Often, transformational leaders are bold and recognized by passion and energy in all aspects of their work. Communication is a key feature of transformational leaders, they spend most of their time in communicating with others and searching for initiatives that add value to their teams' future. Transformational leaders motivate and empower their followers to enable them exceed short-term goals.

According to Burns (1978), the degree to which a leader is transformational, is measured first, in terms of his effect on the followers. The subordinate of such a leader feel trust, admiration, and loyalty and respect for the leader and due to qualities of the transformational leader, are willing to work by far much better than formerly expected. These consequences occur because the transformational leader provide followers something value more than just working for self-gain; they offer followers with an inspiring mission and vision and give them an identity.

The leader transforms and motivates followers through his or her idealized influence (earlier referred to as charisma), intellectual stimulation and individual consideration. In addition, these leaders support followers to come up with new and unique ways to challenge the status quo and to adjust the environment to support being successful.

2.2.3.2 Measurements of Transformational Leadership

The Multifactor Leadership Questionnaire (5X-Short Form) is the primary instrument used to measure transformational leadership (Avolio & Bass, 1999). The student researcher chose MLQ because it is very wide-ranging in the leadership area and its validity and reliability as a leadership instrument has been proven (Muenjohn and Armstrong, 2008). Avolio and Bass (1999) selected the Multifactor Leadership Questionnaire (5X-Short Form) to measure leadership styles, which in this instrument include Transformational Leadership, Transactional Leadership and passive avoidant. The Multifactor Leadership Questionnaire is a multi-rater assessment tool, measures the range of specific leadership behaviors exhibited by an individual (Avolio & Bass, 1999).

Avolio and Bass (1999) have developed two forms to measure leadership attributes and behaviors. One, called the Leader Form, may be used by the leader to establish a perspective of his or her own leadership style; the other, called the Rater Form, is utilized to gather perceptions of the leader through the eyes of the followers. The student researcher use rater form to collect perception of employees towards their leaders. The 5-point Likert type scale is rated 0 meaning “Not at all”, 1 meaning “Once in a while”, 2 meaning “Sometimes”, 3 meaning “Fairly Often” and 4 which means “Frequently, if not always”. The MLQ contains 35 questions that obtain information in nine leadership scales and two leadership outcomes.

In order to assess the transformational leadership style dimensions, the student researcher will apply the 23 questions which are directly linked with transformational leadership style (Avolio & Bass, 1999).

2.2.3.3 Consequences of Transformational Leadership

At the time of its inception, one of the most promising aspects of transformational leadership was its hypothesized relationship with employee performance (Bass, 1985). Nearly three decades of transformational leadership research has supported this hypothesis, and several more recent meta-analyses have lent strong evidence to the idea that followers

of transformational leaders display high levels of performance (see: DeGroot, Kiker, & Cross, 2000; Judge & Piccolo, 2004; Wang et al., 2011).

Bass, (1998) stated that transformational leaders are charismatic, such that their followers seek to identify with and emulate them. They inspire their followers with challenge and persuasion, which provides meaning and understanding to their work. The transformational leader is intellectually stimulating, pushing subordinates to question assumptions and logic and to expand the use of their abilities and considers each subordinate as an individual. Such a leader takes an interest in the development of their subordinates and provides them with support, mentoring, and coaching, this enable organizations to have competitive and sustainable human capital in the industry.

Transformational leadership emphasizes the affective and interpersonal elements of leadership, necessary to succeed in volatile and uncertain times (Bass 1990:21). Transformational leaders have the ability to align individual work goals and the organization's strategic goals. Hence, while employees are inspired to achieve personal work goals, they are creating organizational momentum towards achieving strategic goals (A Bezuidenhout & C Schultz, 2013).

Groenewald and Ashfield, (2008:56) found that transformational leadership reduces the effects of uncertainty and change and effectively guides employees to attain their occupational goals. Transformational leaders inspire their followers to transcend their own self-interests for the good of the organization, and tend to have a profound affection for their followers.

Stander and Rothman (2010:10) concur with Boselie by stating that transformational leaders develop followers' potential. The direct supervisor plays an essential role in the development of an employee with specific reference to knowledge, skills and abilities (Boselie, 2012:216). Mokgolo *et al.* (2012:8) postulate that transformational leadership is "vital" for organizational success.

2.2.4 Transactional Leadership Style

Transactional Leadership is also known as managerial leadership, which focuses on the role of monitoring (supervision), organization, and group performance. Transactional leadership style promote compliance of followers through both rewards and punishment. Leaders who use the transactional approach are not considering to change the future, rather they are directed to just keep things the same. Transactional leaders pay attention to followers who work in order to find failure and deviations. Often different scholars said that this type of leadership is effective in crisis and emergency situations, as well as when projects need to be carried out in a specific fashion (James A, 2013).

Robbins (2012) defined transactional leadership as a process where the leader uses social exchanges for employees to perform a specific transaction. It is based on the expected reward from the leader by the followers in return for the obedience with their effort, productivity and loyalty.

At basic level Transactional leadership involves exchanges between leaders and followers designed to provide benefits to both. Leaders influence followers through contingent rewards and negative feedback or corrective coaching. Despite originating as distinct constructs, transactional exist as parts of another leadership model, the full range of leadership model (Conger, 1999; 2011).

In the context of Abraham Maslow's hierarchy of needs, transactional leadership works at the basic levels of need fulfillment. Transactional leaders concentrate on the lower levels of the hierarchy and device an exchange model, with rewards being given for good work or positive outcomes. Conversely, such leaders also punish followers for poor work or negative performance, until the problem is corrected. One way that transactional leadership focuses on lower level needs is by stressing specific task performance (Hargis, 2001).

Transactional leadership focuses on identifying and role clarification of employees and providing rewards associated with followers' performance. The component of Transactional leadership are made up of the basic managerial actions of setting goals,

follow up and monitoring progress towards goal achievement and rewarding as well as punishing individuals for their level of goal achievement. From this explanation, it is clear that transactional leadership is based on extrinsic motivation for improved productivity of employees (Kreitner & Kinicki, 2010).

This leadership style is essentially based on the fact that reward or punishment is dependent on the individual's performance and goal achievement. Companies tend to implement transactional leadership in an attempt to increase performance and productivity of their employees. The characteristics of transactional leadership are: contingent reward, active management-by-exception and passive management-by-exception (Varol & Varol, 2012).

Transactional leaders choose the way of leading effective ongoing process. Leaders, who adopt this approach, especially reward employees with money, status and promotion while they pay less attention to creative and innovative acts (Eren, 2010).

2.2.4.1 Dimensions of Transactional Leadership

According to Avolio (2004), transactional leadership is broken down into three dimensions: contingent reward and management by exception active & management by exception passive.

a) Contingent Reward - transactional leaders clarify expectations, exchange promises and resources for support of the leaders, arrange mutually satisfactory agreements, negotiate for resources, exchange assistance for effort, and provide commendations for successful follower performance. From this perspective, contingent reward is a constructive transaction (Bass, 1997). Contingent reward behavior involved in clarification of expectation and tasks necessary to gain rewards, as well as application of incentives to persuade followers' motivation. The explanation of goals and objectives and delivering of acknowledgement once goals are accomplished should result in individuals and groups achieving required levels of performance (Bass, 1985).

In contingent reward leadership, the leader and follower discuss an agreement regarding recognition and/or rewards to be issued to the follower in return for a specific level of

performance. In principle, transactional leaders use contingent reward behavior to develop constructive transactions with followers in order to achieve work goals

b) Management by Exception (Active) - According to Bass (1997), the other dimension of transactional leadership is active management by exception. When this transactional style is applied, the leader monitors follower performance and takes corrective action when performance deviates from the norm or standard expectations. *It* is the level or a degree to which leaders execute rules to avoid mistakes and take corrective action on the basis of results of leader follower transactions (Judge & Piccolo, 2004). In order to reduce deviations from standards, Active management by exception involves leaders to actively monitor followers' performance against the standards (Hater & Bass, 1988). The leader identifies standards for compliance, as well as what constitutes ineffective performance, and may punish followers who are being out of compliance with those standards. This behavior of leadership entails that leaders should closely monitor for deviations, mistakes, and errors accordingly taking corrective action as quickly as possible when they exist.

C) Management by Exception (Passive) – This type of leadership involves in intervening only if standards are not met. Such leader uses contingent punishments and other corrective action to respond to obvious deviations from acceptable performance standards (Bass, 1997). Leaders who apply passive management by exception delay until followers' behaviors create problems before they take corrective action against obvious nonconformities from performance standards. Passive leaders stay silence from stating agreements, clarifying what is expected, and promoting goals and standards to be full filled by followers. In either of the two cases of management by exception, leaders emphasize the use of tactics such as discipline, punishment, and negative feedback to foster desirable performance (Bass & Avolio, 1993).

Even though the transactional leadership style is based on bureaucracy and legal power in an organization, it provide attention to the essence of accomplishing the task and organizational reward. According to Altun (2014), the expectations and needs of the

employees are important to the transactional leader in order to assign a specific meaning and describe the leader-follower interaction as a sort of “exchange”.

According to Marques (2007) the trait of transactional leaders of setting goals and promising reward motivate the followers which ultimately can lead to improved performance conversely, Mothilal (2010) criticizes transactional leadership because it is only suitable for more stable environments. In a sense the transactional leader applies traditional structure in an effort to preserve beneficial historic traditions and convey these traditional ways to the next generations.

From the above literature on transactional leadership, it is clear that there is a definite place in today’s organizations for transactional leadership style. The characteristics of contingent reward and management by exception form an important basis for organizations to improve performance in today’s volatile economic environment where you need to achieve higher performance and better results with fewer resources.

2.2.4.2 Measurement of Transactional Leadership

As suggested by Avolio & Bass, (1999) Multifactor Leadership Questionnaire (5X-Short Form) is an instrument which enable to measure transactional leadership. The student researcher chose MLQ because it is very comprehensive in the leadership area and its validity and reliability as a leadership instrument has been proven (Muenjohn and Armstrong, 2008).

The student researcher use rater form to collect perception of employees towards their leaders. Among all MLQ items the 12 questions are measurements of transactional leadership which enables to rate the three dimensions of transactional leadership style (Avolio & Bass, 1999).

2.2.4.3 Consequences of Transactional Leadership

Transactional leaders use reward and punishments to gain compliance from their followers. They are extrinsic motivators that bring minimal compliance from followers. They accept

goals, structure, and the culture of the existing organization. Transactional leaders tend to be directive and action-oriented.

- Transactional leaders are willing to work within existing systems and negotiate to attain goals of the organization. They tend to think inside the box when solving problems (Swaith, 2013).
- Transactional leadership is primarily passive. Most of behaviors associated with this type of leadership are constructing the benchmarks for rewarding followers and maintaining the status quo (Daria Sarti, 2014)
- Contingent reward provides rewards for effort and recognizes good performance. Management-by-exception preserves the status quo, interfere when subordinates do not meet acceptable performance levels, and initiates corrective action to improve performance (James A & George O., 2013).

2.3. Transactional vs. Transformational Leadership

Although the two leadership styles presented very different, they are categorized together under in one empirically supported model which is called the Full Range of Leadership Model, described by Bass (1998), incorporates every transactional and transformational leadership dimension. Fundamental to the model is the idea that every leader shows leadership styles, and extents of each style, to some degree (Bass, 1998). Leaders demonstrate behaviors from every transactional and transformational leadership dimension point out above. However, what makes a leader more transformational, or more transactional, are the frequencies of the leadership behaviors they display.

Transactional and transformational leaders differ on the processes, behaviors and styles by which they motivate subordinates and on the types of goals they set (Den Hartog et al., 1997). The transactional leadership model focuses on exchange-based leader-follower relationships. Followers agree with, accept, or comply with the leader in exchange for praise, rewards, and resources or the avoidance of disciplinary action. Transactional leaders clarify expectations and specify standards for compliance,

as well as what constitutes ineffective performance. As a result, followers who do not comply are punished, or recognition is offered when goals are achieved (Bass et al., 2003).

Transformational leadership differs from transactional leadership in the developmental orientation of the leader's behavior. Leaders who exhibit increased transformational behaviors focus on leader-follower relationships that are based on shared vision, transcending self-interest, performance above expectations, person development, and success. Rather than viewing the leader as a source of reward or punishment, many followers identify with and want to emulate their transformational leader development, and success. Such leaders build personal and social identification among followers with the mission and goals of the leader and organization. Transformational leaders gain the confidence of their followers so that the followers will have increased willingness to sacrifice (i.e., time away from home, long hours) for their team and organizations.

In addition, transformational leadership does not only rely on exchanges to motivate followers, but seeks to motivate those around them by providing meaning and challenge to their followers' work. Subordinates are encouraged to envision attractive future states, which they can ultimately envision for themselves (Bass et al., 2003). Lastly, rather than intervening only when subordinate behavior deviates from the norm, as many transactional leaders do (Bass, 1985), transformational leaders pay attention to each individual's need for achievement and growth by acting as a coach and mentor. New learning opportunities are created along with a supportive climate in which followers may grow.

According to (James A. & George O., 2013) Comparison between Transactional and Transformational Leadership is implied as the figure below.

Table 2.1: Transactional vs Transformation leadership

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

2.4 Leadership Styles and Work-Related Outcomes

As seen above, transformational and transactional leadership differs in their approaches to leadership and leader-followers relations. The leadership models also differ in terms of work-related outcomes. Recent literature has shown that transformational leadership is often more effective than transactional leadership in achieving higher levels of improvement and change among subordinates (Bass, 1985; Den Hartog and Koopman, 2002).

Whereas transformational leadership seek high order changes in subordinates, such as large shifts in attitudes, values, morals, beliefs, and needs, transactional leadership endeavors to improve the quantity and quality of performance, substituting one goal for another, and reducing resistance to action (Bass,1985).

Chung-Fang & Yi Ying (2012) also conducted a study on Taiwanese hotel industry and found that the leaders in this industry exercised transformational leadership with employees believing that their managers emphasized high quality performance.

Bass and Avolio (2004) used the public school setting as an example. In such a setting, transactional leadership operates effectively when students pursue goals, such as good grades and parental or teacher approval. However, those are examples of exchanging effort for specific rewards. Even at its most optimal level, the transactional exchange may not substantially change the way students interpret the benefits of learning. The students may not actively pursue learning on their own beyond school or the transactional exchange process.

Podsakoff, MacKenzie, and Bommer (1996) found that individualized support, conceptually similar to individual consideration, was significantly related to organizational commitment. In another study, MacKenzie, Podsakoff, and Rich (2001) showed that individualized support also correlated significantly with two other important, positive workplace outcomes: organizational citizenship behavior and subordinate trust in their leader.

Additional research conducted using objective criteria of performance and outcome measures yielded similar results. In his study of Methodist minister leadership styles, Onnen (1987) reported that when ministers were more transformational versus transactional, church attendance and new church membership were higher. Longshore (1988) found groups led by U.S. Marine officers to be more productive when the officers were more transformational and less transactional.

As seen above, a multitude of research on the effects of transformational and transactional leadership on a variety of outcomes has been studied. Surprisingly, however, one outcome that previous research has failed to touch upon is the concept of employee job engagement and how it may be influenced by leadership style. This area of study is extremely important, due to the increased emphasis in research on positive

psychology (Schaufeli, Salanova, Gonzalez-Roma, & Bakker, 2002), and may have important implications for organizations in the future.

2.5 Employee Engagement and Leadership Styles

Most of the researchers have tried to correlate factors which lead to employee engagement and developed models which could bring out the best solution for top management to deal with the existing employees and the new intakes. Their analyze targets to determine the factors or drivers that will increase the level of employee engagement (Markos and Sridevi, 2010).

According to Development Dimensions International (DDI, 2005) states that a manager must do the below five things to create a highly engaged workforce. Those are:

- Alignment of efforts with strategy
- Empowerment
- Promote and encourage teamwork and collaboration
- Support subordinates to grow and develop
- Provide recognition for their effort and good work

Hockey and Ley (2010) have specifically identified that to enhance the level of employee engagement, effective leadership has been accredited as a critical precondition and even demonstrate possible link to organization performance.

In several researches, there are two conditions which projected employee engagement as having negative and positive association with the employees' perception of leadership styles in his or her immediate supervisors. Employee engagement is perceived as subsuming negative outcome from the employees when the supervisors are adopting classical or transactional leadership styles. Whereas when the leaders are embracing visionary and organic leadership, employee engagement is regarded as having positive association with the employees' perception. These different perceptions are actually caused

by embedded apprehension that the traditional type of leadership styles is only suitable for certain age and generations (Ayree & Walumbwa, 2012).

Nevertheless, these employee characteristics seems to moderate the relationship between perceived leadership styles and employee engagement in different ways. Regarding need for achievement, when the employees' score on this variable is higher, the stronger the positive association is between perceived visionary or organic leadership styles and employee engagement and the weaker the negative association is between employee engagement and classical or transactional leadership. By contrast, the higher equity sensitivity, the positive association between visionary or organic leadership and employee engagement tends to get weaker and the negative association between perceived classical or transactional leadership styles and employee engagement turns to get stronger (Shuck and Herd, 2012).

Consequently, while research around employee engagement is emerging and several models suggest leadership as a crucial element in the development of employee engagement, there remains a gap in understanding what leadership behaviors could affect engagement-encouraging cultures as well as the processes around which leader behaviors bring about higher levels of engagement (Shuck and Herd et al, 2012).

Another study, performed by May, Gilson, and Harter (2004), also found significant results relating job engagement to leadership. They found that employee job engagement was significantly correlated with supervisor relations, which they defined as the leader's display of concern for their employees' needs and feelings, as well as positive feedback to employees and encouragement from the leader to voice their concerns. They also found that job engagement was significantly related to meaningfulness, which measures the degree of meaning an individual discovers in their work.

Different researches were made for various purposes with regards to leadership and employee engagement. Hartog and Belschak (2012), investigated the effects of ethical leaders' behavior on engagement and the research found that, work engagement was significantly related when controlling for ethical leadership. Alock & Israel (2012),

Investigated the relationship between authentic leadership, work engagement, and psychological ownership in Indian organizations. The study was conducted on 117 workers in India from different organizations and the finding reflect that, authentic leadership indirectly affects work engagement through promoting psychological ownership in organizations.

Tims, Bakker, and Xanthopoulou (2011), examined how supervisors' leadership style influences followers' daily work engagement with 42 consultants (15 men and 27 women) at two different employers in The Netherlands. They tested whether (a) day-level transformational leadership style has a positive relationship with followers' day-level employee engagement and (b) whether each of day-level self-efficacy and day-level optimism mediates the relationship between day-level transformational leadership and day-level employee engagement.

The conceptual relation between leadership style and the development of employee engagement as examined by Shuck and Herd (2012), showed that providing attention to followers' basic needs along with a willingness to respond to them can improve engagement, an approach based on leader emotional intelligence.

Serrano and Reichard, (2011) surmise that leaders could play an important role in establishing a work environment in which employees feel energized and involved. To help leaders fulfill the role, they identified the following four specific pathways that may increase their employees' engagement: (1) designing meaningful and motivating work, (2) supporting and coaching employees, (3) enhancing employees' personal resources, and (4) facilitating rewarding and supportive coworker relations.

Xu and Thomas (2011), has conducted a research to investigate the relationship between leadership and engagement towards employees in New Zealand, the study was conducted with a total sample size of 414 employees in New Zealand the study finding showed that, Relationship-oriented leadership factors were all positively associated with engagement .

Zhang (2010) conducted a study on the relationship between perceived leadership style and employee engagement among 439 sales assistants in Sidney Australia. The results showed that employee engagement is associated with an employees' perception of leadership style in his or her direct supervisor, negatively when classical or transactional leadership styles are perceived and positively in the case of visionary or organic leadership. Moreover three employee characteristics moderated the relationship between the perceived leadership style and employee engagement in different ways.

Walumbwa, Wang, Schaubroeck, and Avolio (2010), investigated the relationship of authentic leadership with organizational citizenship behavior (OCB) and work engagement with a total population size of 516 (129 supervisors and 387 employees) of two telecommunication firms in China and the finding reveals that Authentic leadership significantly predicted rated OCB and work engagement.

According to the empirical study conducted by Alaracon, Lyons and Tartagila (2010) towards conceptual model of the antecedents and consequences of engagement showed that, leadership influence on engagement was fully mediated by role clarity and organizational culture.

Whitford and moss (2009) studied the relationship between individual characteristics leadership style in small, medium and large public and private organizations in Australia, North America, Europe, Asia, South Africa and South America, the finding showed that, visionary leadership was positively associated with work engagement; personal recognition correlated positively with work engagement.

The conceptual study conducted to outline efforts organizations should consider to improve employee engagement, conclude that providing appropriate support and resources from both co-workers and supervisors and removing difficult job demands and stress from the organization culture foster transformational leadership. Attridge, (2009).

2.5.1 Transformational Leadership & Engagement

Transformational leaders are characterized by their emphasis on the development and success of their employees (Bass, Avolio, Jung, & Berson, 2003).

According to transformational leadership theory, leaders use their vision and mission as a platform to implicate the self-concept of followers. In this way, leaders have extraordinary effects on followers, whom are inspired by increased levels of self-esteem, self-worth, self-efficacy, collective efficacy, identification with the leader, social identification, and value internalization (U.L.T.P. Gunasekare, 2016). Shamir et al. (1993) stated that these outstanding leaders affect followers, as a result of motivational mechanisms that are persuaded by the leaders' behaviors.

Self Determination Theory is a motivation theory, based on the idea that people willingly seek prospects to develop their fullest potentials. As they seek such opportunities, it enhances their psychological wellbeing which develops their inner striving conditions towards optimal performance (Deci& Ryan, 2000).

This dimension is theoretically linked to Schaufeli's (2002) vigor dimension According to this dimension, engaged employees are more vigorous in their work and are more willing to invest effort in their work and persist in the face of difficulties. The developmental orientation and focus upon the success of their subordinates by transformational leaders should, theoretically, lead to more vigorous employees that are constantly encouraged to invest their best effort in their work.

Salanova, Lorente, Chambel, and Martinez (2011) conducted a study with 297 nurses in Portugal to examine the relationship between supervisors' transformational leadership and staff nurses' extra-role performance as mediated by nurse self-efficacy and work engagement. From the data analysis using SEM, they found that at least partial mediation exists in the relationship researched. The influence of transformational leadership on extra-role performance was fully mediated by work engagement, with the results that "all the

inter-correlations among the study variables were positive and many of them were also statistically significant.

Zhu, Avolio, and Walumbwa (2009) investigated the relationship between transformational leadership and followers work engagement with a total sample population size of 168 in various organizations in South Africa, the study result showed that, follower characteristics did significantly predict transformational leadership – follower engagement.

Ayree & Walumbwa (2012), studied the extent to which transformational leadership contribute to employees work engagement according to the results, positive and significant relationship with the paths from transformational leadership to work engagement.

Moss (2008), Studied the relationship between transformational leadership and engagement in the public and private sector, the finding of the research showed that, as this promotion focus increased, the positive association between vision and vigor became pronounced.

Specifically, based in the literature with highly confirming results, among the leadership styles, the association of employee engagement and transformational leadership increase the level of employee engagement (Ghafoor, Qureshi, Khan and Hijazi, 2011).

A study conducted by Schaufeli and Bakker (2004), indirectly measured aspects of transformational leadership and its' influence on job engagement. They found that two variables encompassed in the individual consideration dimension of transformational leadership (coaching and feedback) were positively related to vigor, dedication, and absorption.

2.5.2 Transactional Leadership & Engagement

Transactional leadership theory is based on leadership system of rewards and punishments. In other words, on the notion that a leader's job is to construct structures that make it abundantly clear what is expected from followers and the consequences (rewards and punishments) associated with meeting or not achieving expectations. When employees are fruitful, they are rewarded and when they fail, they will be punished or penalized (Charry, 2012).

According to Bass (1985, 1999), transactional leaders motivate their followers to fulfil their leaders' expectations by rewarding and setting a minimum standards to be met by subordinates. In line with Bass, some scholars argue that transactional leadership stimulate employees' engagement with less degree than transformational leaders.

The transactional leadership model focuses on exchange based leader-follower relationships. Followers agree with, accept, or comply with the leader in exchange for praise, rewards, and resources or the avoidance of disciplinary action. Transactional leaders clarify expectations and specify standards for compliance, as well as what constitutes ineffective performance. As a result, followers who do not comply are punished, or recognition is offered when goals are achieved (Bass et al., 2003).

Social exchange theory (SET) is considered to be one of the most influential conceptual paradigms for understanding workplace behavior (Cropanzano & Mitchell, 2005). The essence of SET is that obligations are generated through a series of interactions between the parties who are in state of reciprocal interdependence.

Individuals feel obliged to respond in kind and repay the organization, when they receive economic and socio emotional resources from their organization (Cropanzano & Mitchell, 2005). In this context, Saks explained, "One way for individuals to repay their organization is through their level of engagement. That is, employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization" (p. 603).

Employees tend to exchange their engagement for resources and benefits provided by their employer (Saks, 2006). Therefore, when employees are autonomous, receive support and have opportunities for development, they are likely to reciprocate by showing higher levels of engagement.

Research has shown that job resources have motivating potential, leading to higher work engagement towards employees on daily basis (LePine, & Rich, 2010; Halbesleben, 2010). As suggested by (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009; Xanthopoulou,

Bakker, Heuven, Demerouti, & Schaufeli, 2008) availing job resources to employees have a great potential and it is a means that attracts employees to be more engaged on daily basis at their job.

According to Cropanzano and Mitchell (2005), Transactional leadership is highly correlated with social exchange theory. An exchange requires a bidirectional transaction—something has to be given and something returned, which was consistent with Robinson et al.'s (2004) description of engagement as a two-way relationship between the employer and employee.

According to Judge and Piccolo's meta-analysis (2004), showed that Transactional leadership contributes to followers' work motivation. Leaders who use contingent reward acknowledge that employees motivation and work engagement increased.

Therefore, as several researches indicated, even if it's not significant as transformational leadership, transactional leadership has a positive relationship with employees' engagement.

2.6 Hypothesis of the study

As seen, previous research has added growing support to a possible relationship between job engagement and leadership. However, there is no adequate number of researches that has directly examined the possible relationship between leadership style and its' effects on subordinate work engagement levels (Lee & Ok, 2015).

According to different scholars, both Transformational & Transactional leadership styles are positively related with engagement. Transformational Leaders stimulate, encourage & influence employees to perform their task effectively, being confident and engaged with their job. And also Transactional leaders set standards to be meet by employees and create employees engagement by enforcing employees to reach the target and engaged to their task. Therefore, the proposed overall relationships between leadership styles and subordinate work engagement can be best described by the following hypotheses:

Hypothesis 1a: Transformational leadership style will positively predict subordinate levels of vigor.

Hypothesis 1b: Transformational leadership style will positively predict subordinate levels of dedication.

Hypothesis 1c: Transformational leadership style will positively predict subordinate levels of absorption.

Hypothesis 2a: Transactional leadership style will positively predict subordinate levels of Vigor.

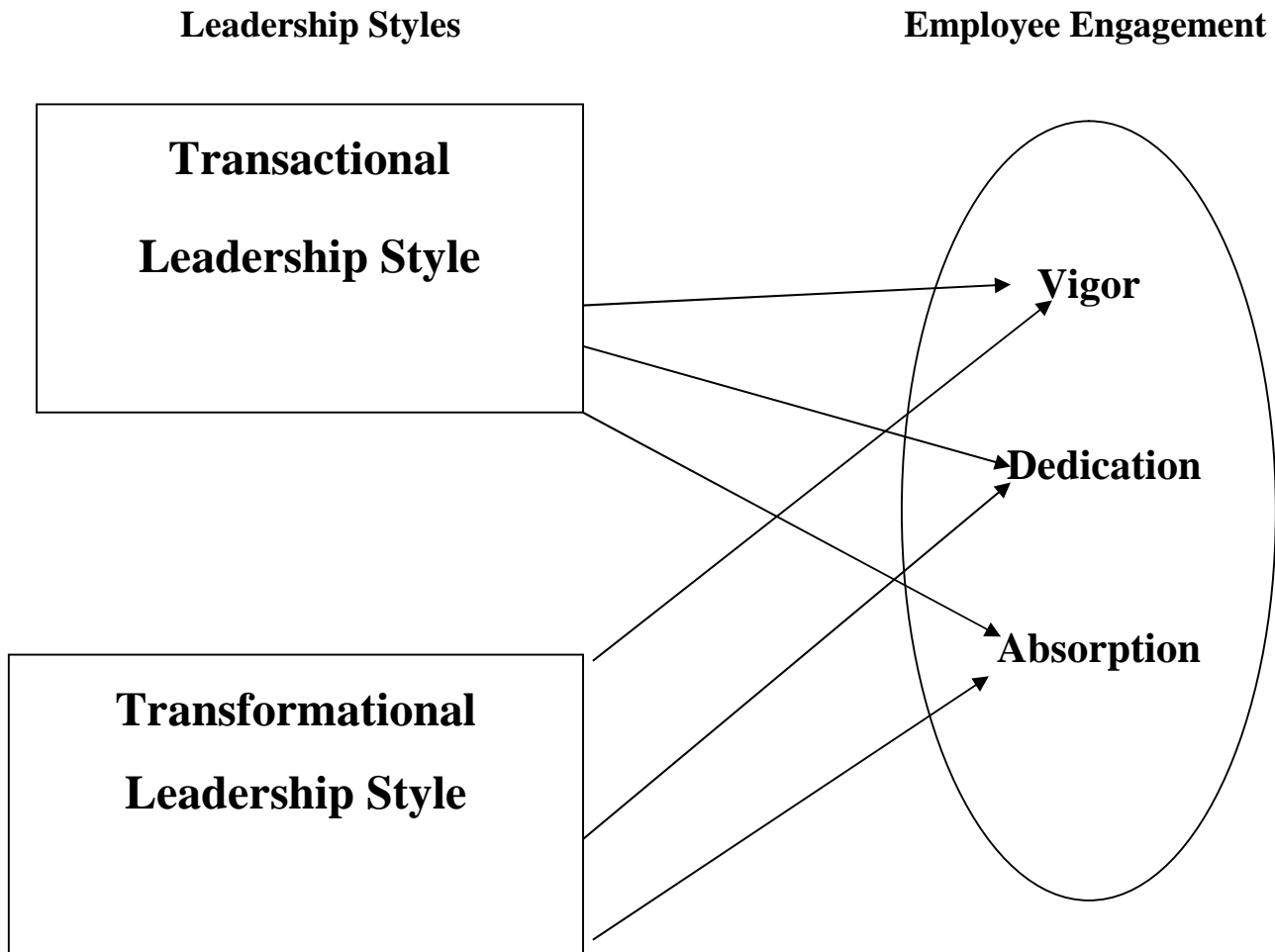
Hypothesis 2b: Transactional leadership style will positively predict subordinate levels of Dedication.

Hypothesis 2c: Transactional leadership style for supervisors will positively predict subordinate levels of Absorption.

After reviewing different related literature the following conceptual frame work is developed.

In the below conceptual frame work, both Transformational and Transactional leadership styles are considered as independent variables and engagement and its dimensions are considered as dependent variable. As described in fig2.1 above both Transactional and Transformational leadership styles have direct relationship with the dependent variable employees' engagement.

Conceptual Frame work



Conceptual Frame work Fig 2.1

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The study focus on describing the type of leadership style exercised in Ethiopian Airlines. In addition, transactional & transformational leadership styles are examined in relation to employees' engagement. Therefore, explanatory research design is used to examine the extent to which different leadership styles are demonstrated in the airline and level of engagement exhibited & leadership styles is scrutinized for their relationship on followers' engagement respectively.

3.2 The study Area

The study is conducted at Ethiopian Airlines Head Quarter located in Addis Ababa. The Headquarter selection is made due to convenience and accessibility of the required population subject to the study.

3.3 Source of Data and Data Collection Instruments

As the study is cross-sectional type, one time data is collected from employees of Ethiopian Airlines by using questionnaires.

The instruments which used in this study is close-ended questionnaire that was adopted from previous studies. Under this study, the student researcher device Avolio & Bass (2004) Multifactor Leadership Questionnaires (MLQ) 3rd Edition to collect leadership behavior data. The questionnaire is consists of 35 items that measure employees' perception towards their supervisors' leadership style. Accordingly, the questionnaire were distributed to the sample population at Ethiopian Airlines to rate their leaders on items that differentiate between Transformational and Transactional Leadership behaviors.

According to (Bass, 1985), the Transformational Leadership consist of four dimensions: Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individualized consideration. And Transactional Leadership consists of three constructs namely, Contingent

Reward, Management by Exception Active and Passive (Den Hartog, Van Muijen & Koopman, 1997).

All MLQ questions were rated 5 points frequency scale and leadership scale scores of rated supervisors were calculated by taking the mean of participant ratings for each leadership dimension.

The dependent variable, employee engagement were assessed by using Utrecht work engagement scale (UWES) which measure the extent to which employees are engaged in three dimensions: Vigor, Dedication & Absorption (Schaufeli, 2002). UWES were measured by 5 points frequency scale

As discussed in detail in the literature part, various scholars such as Bass (1990) have considered transactional and transformational leadership styles as two popular styles of leaders and has gone so far to develop a measurement instrument to evaluate these leadership behaviors which are indeed adopted by the student researcher.

Multifactor Leadership Questionnaire (MLQ) which is developed by Bass, constitutes 35 item-scales of which 12 of the items represent transactional leadership dimensions (Contingent Rewarding, Management By Exception & Management by exception active) and the remaining 23 items measure Transformational Leadership dimensions (Intellectual Stimulation, Inspirational Motivation, Individualized consideration & Idealized Influence) .

The validity & reliability of Multifactor Leadership Questionnaire is proved by various researches and Bass himself has tested the questionnaire for its validity and reliability and proved it right this researcher has also confirmed the reliability

The engagement was measured by Utrecht Work Engagement Scale (UWES). The UWES measurement is composed of three scales each measuring one of the three constructs (Vigor, Dedication & Absorption). For the purpose of this study 17 items UWES measure were used. UWES Tests have shown that the three scales have good internal consistency and test-retest reliability, indicating that the scale is reliable (Schaufeli 2002; Schaufeli et al., 2006),

3.4 Sampling Design

3.4.1 Target Population

For this study, Employees of Ethiopian Airlines working at headquarters Addis Ababa Area were selected as a population. The total populations of the study who are working at Ethiopian Airlines are 11,080 employees. However, the study did not consider employees who are working abroad and regional stations. So that, among 11,080 employees, the study only considered 9604 employees working at headquarters.

3.4.2 Sampling procedure

The focal point of the survey is to assess the relationship of leadership styles with employees' engagement in Ethiopian Airlines whilst describing each variable and dimension regarding with employee engagement. Therefore, the student researcher applied stratified sampling technique to collect data from different strategic business unit of the company to get valid representative of targeted population.

3.4.3 Sample size determination and selection

To determine the sample size and representative of the target population, the study used sample size statistical instrument table. According to (Krejcie and Morgan, 1970) statistical sample size table, with 95% confidence level interval, for the populations' size of 9604, 370 samples shall be taken to get the right representative of the mass population. Therefore, the student researcher selected 370 samples from the seven strategic business unit of Ethiopian Airlines by applying stratified random sampling technique and accordingly the questionnaires were distributed for sample respondents.

3.5 Data Analysis and Interpretation

After collecting the distributed questionnaire, data were properly organized and codified. Following this, the coded data were fed to SPSS Version 20 software program. The data were analyzed using descriptive statistics (such as mean, standard deviation) to describe the demographic characteristics. In addition to this, a descriptive analysis was also conducted on the level of the different leadership styles and employees engagement. Correlation analysis statistical tools were employed to examine the relationship between leadership styles with employees'

engagement. Moreover, regression analysis was conducted to determine the effect of independent variable (leadership style) on dependent variable (employees' engagement).

Variables of the Study

Transactional and Transformational leadership styles are identified as independent variables in conducting the explanatory analysis while employees' engagement (Vigor, Dedication & Absorption) as dependent variables.

Table 3.1: Variables of the study

Instrument	Variables	Scales	Contributed by
Multifactor Leadership Questionnaire (MLQ)	Transformational Leadership Style	Idealized Influence Intellectual Stimulation Inspirational Motivation Individual Consideration	Bass & Avolio (1997)
	Transactional Leadership Style	Contingent Reward Management By Exception Active Management By Exception Passive	
Urchtect Work Engagement Scale	Engagement	Vigor Dedication Absorption	Masalach (2001)

3.6 Validity and Reliability

Validity is the degree to which a measure accurately represents what it is supposed to .It is concerned with how well the concept is defined by the measure. Therefore this study tried to addresses validity through the review of literature and adapting instruments used in previous research. Moreover, pre -test of questionnaire was conducted to 20 respondents based on the information obtained the questionnaires can provide the required output .On the other hand

reliability is concerned with the internal consistency of the items. According to Hair (2007) reliability is defined as the extents to which a variable or a set of variable is consistent in what it is extended to measure. As the current study uses multiple items in all variables, internal consistency analysis will be carried out through Cronbach alpha reliability tests.

Duffy, and Kilbourne (2001) asserted, Cronbach measure the consistency with which participants answer items within a scale. Duffy et al. (2001) further stated, a high (greater than .70) indicates that the items within a scale are measuring the same Construct. SPSS version 20 will be used to produce the values for Cronbach . Based on the results of the reliability analysis, we can conclude the internal consistency.

Table 3.2: Reliability Analysis of the items

No.	Description	Cronbach's Alpha	Items
1	Transactional Leadership	.912	12
2	Transformational Leadership	.889	23
3	Engagement	.869	17

3.7 Ethical Considerations

There are certain ethical protocols that have been followed by the student researcher. The first is asking explicit consent from the respondents. This will ensure that their participation to the study is not out of their own desire. The student researcher has also ensured that the respondents were aware of the objectives of the research and their contribution to its completion. One other ethical measure which exercised by the student researcher is treating the respondents with respect and courtesy (Leary2004). Following the above ethical considerations motivate and initiated respondents to be at ease and more likely to give honest responses to items of the questionnaires. There is also ethical measures were taken in the data analysis. To ensure the integrity of data, the researcher checked the accuracy of encoding of the survey responses. This shall be carried out to ensure that the statistics generated from the study are truthful and verifiable (Leary2004).

CHAPTER FOUR

DATA ANALYSES, RESULTS AND DISCUSSIONS

4.1 Introduction

In this chapter, the study attempted to examine the Relationship between Leadership Style and Employees' Engagement. Therefore, the findings of the study are presented and analyzed in this chapter. The liker scale questionnaire was developed in five point scales ranging from four to zero; where 4 represents frequently always, 3 fairly often, 2 sometimes, 1 once in a while, and 0 Not at all.. The study used correlation analysis to measure the degree of association between the variables under consideration .Regression Analysis was also used to test the effect of independent variable on dependent variable. 370 questionnaires were distributed to employees and 358 (96.7%) questionnaire were obtained valid and used for analysis. The collected data were analyzed using SPSS 20 software version.

4.2 Demographic Profile of the Respondents

The demographic profile of the respondents is presented in this section. The personal profiles of the respondents were analyzed as per their gender, age and of years of experience on that specific position. Descriptive statistics were performed on the demographic variables as a means of describing the respondents.

The below table 4.1 indicates about gender, age category and years of experience about sample respondents on their current position. The analysis shows, from the targeted respondents 197 employees (55%) are male and the remaining 161 (45%) are female employees. And under age category, 67(18.7%) of the respondents are from age 18-24, 101 (28.2%) of the respondents are between 25-29 age category, 87(24.3%) of the respondents are between 30-34 age category, 41(11.5%) of the respondents are between 35-39 age category, 31(8.7%) of the respondents are between 40-44 age category and the remaining 31(8.7%) respondents are between 45-49 age category.

With regards to work experience of respondents, the samples were divided into five groups according to the number of years they are working on the current specific position Group1:(< 6 months), Group 2:(6 month to 1 year), Group 3: (2 to 4 years), Group 4: (5

to 7 years), Group 6:(> 7 years). The number respondents whose experience in percentage under G 1: (6.7%), G2: (22.1%), G3: (60.6%), G4: (7.3%) and G5: (3.4%).

TABLE 4.1: Demographic profile of Respondents

GENDER	ITEM	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
	MALE	197	55	55
	FEMALE	161	45	100
	TOTAL	358	100	
AGE	ITEM	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
	18-24	67	18.7	18.7
	25-29	101	28.2	46.9
	30-34	87	24.3	71.2
	35-39	41	11.5	82.7
	40-44	31	8.7	91.3
	45-49	31	8.7	100
	TOTAL	358	100	
EXPERIANCE	ITEM	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
	< 6 MONTH	24	6.7	6.7
	6 MONTH - 1 YEAR	79	22.1	28.8
	2- 4 YEARS	217	60.6	89.4
	5- 7	26	7.3	96.6
	>7 YEARS	12	3.4	100
	TOTAL	358	100	

Source: Own Survey, 2017

4.3 Descriptive Analysis

Table 4.2 No of Valid Responses

		Transformational	Transactional	Vigor	Dedication	Absorption
N	Valid	358	358	358	358	358
	Missing	0	0	0	0	0

Source Own Survey, 2017

370 questionnaires have been distributed of which 358 of them were successfully filled and returned. Table 4.4 above shows the number of question items properly filled and the dimensions of dependent and independent variables.

Table 4.3: Response on the level of Transformational Leader

RATING SCALES	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
0	69	19.2	19.2
1	89	25	44.2
2	33	9.2	53.4
3	49	13.6	67
4	118	33	100
TOTAL	358	100	

Source Own Survey, 2017

From Multifactor Leadership question 23 items that were related to measuring the transformational leadership behavior of their respective bosses were distributed to respondent employees. As it can be seen in table 4.3, the majority (33%) of the respondents fall within the range of 3 in a response provided in a likert scale that ranges between 0 to 4 whose mid-point is 2. Also we can see that (25%) of the respondents rated their bosses as demonstrating less transformational behavior with rating scale of 1 and the remaining 19.2%, 13.6 & 9.2%, respondents rated their leaders as 0,3& 2 respectively. From this we can say that majority of leaders in Ethiopian Airlines are moderately transformative.

Table 4.4 Response on the level of Transactional Leader

RATING SCALES	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
0	8	2.2	2.2
1	125	35	37.2
2	83	23.1	60.3
3	54	14.4	74.7
4	91	25.3	100
TOTAL	358	100	

Source own Survey, 2017

Table 4.4 above demonstrates the response of employees towards the behavior of their leaders on the degree to which they exhibit transactional leadership style. As the result indicates about 35% of the respondents rated their leaders with scale of 1, while only 25.3% of them rated their leaders as transactional leaders with scale of 4.

In comparing the highest rating scale among the two leadership styles, 35 % showed transformational leadership while transactional leadership reflect 27.7% , therefore, we can generally say that both of the leadership styles existed moderately.

Comparatively we can say that there is a little more transformational leadership style is applied by managements of Ethiopian Airlines than transactional leadership style.

Table 4.5 Employee Vigor

RATING SCALES	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
0	12	3	3
1	136	38	41
2	78	22	63
3	39	11	74
4	93	26	100
TOTAL	358	100	

Source: Own Survey 2017

Table 4.5 above demonstrates the response of the employees towards on their level of vigor dimension of engagement they exhibit. According to Schaufeli (2002), Vigor may be defined as "high levels of energy and resilience, the willingness to invest effort in one's job, the ability to not be easily fatigued, and persistence in the face of difficulties" (p, 417).

As per the survey result it showed about 38 % of the respondents rated their vigor level with scale of 1, whereas 26 % of respondents rate 4. And the remaining 22%, 11% and 3% of respondents rate their vigor level as sometimes, fairly often and Not at all respectively. This reflect that employees in Ethiopian Airlines who work with high energy and mental resilience is categorized under low level.

Table 4.6 Employee Dedication

RATING SCALES	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
0	33	9.2	9.2
1	79	22	60
2	103	28.8	38
3	75	21	81
4	68	19	100
TOTAL	358	100	

Source Own Survey, 2017

Table 4.6 above demonstrate the response of the employees towards their level of dedication they exhibit.

According to Schaufeli (2002), employee dedication involves a "strong involvement in one's work, accompanied by feelings of enthusiasm and significance, and by a sense of pride and inspiration" (p. 417).

The survey result showed that 28.8% of the respondents rated their level of dedication as sometimes (2), whereas 21% of respondents' rate as fairly often (3). And the remaining 22%, 19% & 9.2 % of respondents replied as 1, 4 & 0 respectively. This implies that level of employees' dedication in Ethiopian Airlines is at a moderate level.

Table 4.7 Employee Absorption

RATING SCALES	FREQUENCY	PERCENT	CUMMULATIVE PERCENT
0	9	2.5	2.5
1	127	35	37.5
2	93	25.9	63.4
3	57	15.6	79
4	75	21	100
TOTAL	358	100	

Source Own Survey, 2017

Table 4.7 above demonstrate the response of the employees about their level of Absorption exhibit in their job.

According to Bakker, Schaufeli and Salanova, (2006), Absorption is conceptualized as a "pleasant state of total immersion in one's work, characterized by time passing quickly and being unable to detach oneself from the job" .

As per the frequency table data majority (35%) of respondents rate the absorption related questions by rating 1 and 25.9% of respondents replied the questions with rating scale of 2 and the remaining 21%,15.6% & 2.5% rate their level of absorption as 4,3 and 0 respectively. This indicate that majority of the respondents are not detaching themselves with their job.

Table 4.8 Summary of responses on the various dimensions of the study

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TRANSACTIONAL	358	.33	3.83	2.4960	.73020
TRANSFORMATIONAL	358	.04	3.96	2.1910	1.10659
VIGOR	358	.50	4.00	2.6373	.90473
DEDICATION	358	.80	4.00	2.6218	.90605
ABSORPTION	358	.00	4.00	2.5624	1.00798
Valid N (listwise)	358				

Source Own Survey, 2017

Table 4.8 above summarizes the reactions of respondents on the various question items that were later associated to the various dimensions addressed in this study. Accordingly, we can see from the table, by comparing the mean of the two leadership styles examined in this study transformational leadership behavior exhibited the least while comparing to transactional behaviors. Another thing that can be observed here is the fact that these leadership styles are generally rated to have been exhibited in a rather inadequate level which is not above 3.

The below engagement analysis tables shows that all of the three engagement dimensions were exhibited and low level of absorption engagement can be observed comparing to the two engagement dimensions. This implied that, the company is performing under low circumstances in enhancing employees engagement which is which is below 3 likert scale.

Table 4.9 Employees Overall Engagement Level

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
ENGAGEMNT	358	.53	4.00	2.6068	.89795
Valid N (listwise)	358				

Source own Survey, 2017

4.4 Inferential Statistics

Correlation and regression analysis was performed to investigate the relationship of leadership styles and employees engagement dimensions and overall engagement of employees. Using Pearson correlation with two tailed test of significance, the correlation analysis was made and using the regression analysis, the impact of the variables was investigated.

4.4.1 Correlation Analysis

Correlation analysis was applied to test the “interdependency” of the variables. In this section, the direction and degree of the strength of the relationship among the variables were determined by multi-collinearity test (table 4:14) below, it is possible to examine the correlation among all dimensions of the independent variables of transactional and transformational leadership with dependent variable employee’s engagement (vigor, dedication & absorption).

According to Barth (1999), Correlation analysis is useful way of exploiting relation (association) among variables. The value of the coefficient (r) ranges from -1 up to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variable. If $r = 0$ there is no relationship between the variable and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between + and 0 or between 0 and -1, different scholars have proposed different interpretation with slight difference.

For the purpose of this study, dictation rule given by Bartz (1999) is used to measure strength of association among the variables as follows:

Table 4.10 Association strength measure of variables

Value of r	Description
0.8 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very Low

Source: Bartz (1999)

Table 4.11 Correlation among variables

		Correlations				
		Transformational	Transactional	Vigor	Dedication	Absorption
Transformational	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	358				
Transactional	Pearson Correlation	.251**	1			
	Sig. (2-tailed)	.000				
	N	358	358			
VIGOR	Pearson Correlation	.703**	.492**	1		
	Sig. (2-tailed)	.000	.000			
	N	358	358	358		
DEDICATION	Pearson Correlation	.718**	.488**	.992**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	358	358	358	358	
ABSORPTION	Pearson Correlation	.809**	.421**	.810**	.821**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	358	358	358	358	358

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

The above table 4.13. Shows that Transformational Leadership style have ($r = .703^{***}$, $p < 0.01$), ($r = .718^{**}$, $p < 0.01$), ($r = .809$, $p < 0.01$) degree of strong positive relationship with employees engagement dimensions of Vigor, Dedication and Absorption respectively. Whereas, Transactional Leadership style have ($r = .492^{**}$, $p < 0.01$), ($r = .488^*$, $p < 0.01$), ($r = .421^*$, $p < 0.01$) moderate positive correlation with employees engagement dimensions of vigor, Dedication and Absorption respectively.

Therefore, correlation analysis only shows the existence of strong positive and significant relationship between Transformational Leadership style and employees engagement and also reflects that, there is moderate positive relationship between Transactional Leadership and employees' engagement.

Based on the above preliminary test results, the assumption of the multiple linear regression analysis model have been met. Thus, the subsequent analysis results are depicted below.

4.4.2. Multi- Collinearity Diagnosis

Multi collinearity exists is predictors are highly correlated. The listed table shows the tolerance level of the predictors.

Table: 4.12 Multi-Collinarity Tests

Coefficients			
Model		Collinearity statistics	
		Tolerance	VIF
	Transactional	.937	1.067
	Transformational	.937	1.067

Dependent Variable: Engagement

Source own Survey: 2017

As the above table shows the tolerance level is below 0.2 and VIF is less than 10. Thus it can be concluded that the variables are highly correlated since the results of both variables meet the criteria. According to Menard (1995) tolerance should be more than 0.2 and Myers (1990) VIF should be less than 10. Summary of the above, results indicates that all hypothesis in this research formulated are in agreement with their respective theories. However in some variables there exist positive.

4.4.3 Regression Analysis

Upon the completion of the correlation analysis, linear and multiple regression analyses were run to find any association between the independent variables (leadership styles: transformational leadership and transactional leadership), and the dependent variable (employee engagement).

The coefficient of determination explains the proportion of variability between employee engagement and the independent variables of leadership styles, using the least squares method to eliminate errors. The highest beta represents the strongest unique contribution explaining the dependent variable.

4.4.3.1 Transformational Leadership style as a predictor of Employee engagement

A standard linear regression was performed to find the influence of transformational leadership on employee's engagement of Ethiopian Airlines. Table 4.14 shows the variables, unstandardized regression coefficient (B), and the standardized regression coefficient Beta (B). The regression table indicates that the, R square value is 0.612, F count 561.355, t count is 18.946 with p-value 0.000 (< 0.05). It shows that 61.2% of employee engagement dependent variable can be explained by the independent transformational leadership variable. Therefore, the regression model is useable for predicting how strong the influence of the transformational leadership variable towards engagement. The remaining 38.8% is explained by other variables outside the variable explained in this research

Table: 4.13 Summary of Regression Results on Transformational leadership style & Employee Engagement

Model	Unstandardized Coefficients		Standardized Coefficients	R Squire	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Transformational	1.216	.066	.782	.612	6.11	561.355	18.946	0
	.635	.027						

a. Dependent Variable: ENGAGEMNT

Source: Own Survey, 2017

4.4.3.2 Transactional Leadership style as a predictor of Employee engagement

As per the standard linear regression performed to find the influence of transactional leadership on employee’s engagement of Ethiopian Airlines, Table 4.15 shows the statistical results. From the regression statistics, the student researcher obtain, R square value 0.237, F count 110.798 t count is 7.509 with p-value 0.000 (< 0.05). Which implies that 23.7% of the dependent variable “employee engagement” can be explained by the independent variable “transactional leadership style“. Therefore, the regression model is useable for predicting how strong the influence of the transactional leadership variable towards engagement. However, the remaining 76.3% is explained by other variables outside the variable explained in this study.

Table:4.14 Summary Regression Results of Transactional leadership on Engagement

Model		Unstandardized Coefficients	Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig
	B	Std. Error	Beta	R2				
Transactional	1.111	.148					7.509	0
	.599	.057	.487	.237	.235	110.798	10.526	0

a. Dependent Variable: ENGAGEMNT

Source: Own Survey, 2017

4.3.3.3 Leadership style as a predictor of Employee engagement

To establish the relationship between the influences of leadership styles on employee’s engagement of Ethiopian Airlines standard linear regression was performed. Table 4.16 shows the variables, unstandardized regression coefficient (B), and the standardized regression coefficient Beta (B). The regression table indicates that the, R square value is 0.690, F count 791.484 t count is 2.598 with p-value 0.000 (< 0.05). It shows that 69% of employee engagement dependent variable can be explained by the independent variable leadership styles. So that, the regression model is useable for predicting how strong the influence of the transactional leadership variable towards engagement. However, the remaining 31% is explained by other variables outside the variable explained in this study.

Table: 4.15 Summary of Regression Results on leadership style & Engagement

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
	Leadership Styles	.230	.089					
	1.014	.036	.831	.690	.689	791.484	28.133	0

a. Dependent Variable: ENGAGEMNT

Source : Own Survey

As shown in table 4.17, Transformational leadership and Transactional leadership ($p < .005$) is dependently and significantly explaining employee engagement.

Table: 4.16 The Coefficients of leadership style Dimensions on Employee Engagement

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.401	.097		4.117	.000
1 Transformational	.572	.024	.704	23.551	.000
Transactional	.382	.037	.311	10.386	.000

a. Dependent Variable: ENGAGEMNT

Source: Own Survey, 2017

4.4 Testing Hypothesis

Hypothesis No. 1

Hypothesis 1a: Transformational leadership style will positively predict subordinate levels of vigor.

As shown in the Table 4.19 regarding the first hypothesis the score of ($t = .703, p < 0.00$), indicate that Transformational leadership significantly affects employees vigor and the value of ($R^2 = .495$) shows that 49.5% variance in employee vigor is explained by Transformational Leadership. As a result, this hypothesis is accepted

Table: 4.17 Summary Regression Results of Transformational leadership style on Employees Vigor

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	1.377	.076					18.233	0
Transformational	.575	.031	.703	.495	.493	348.698	18.673	0

a. Dependent Variable: Vigor

Source: Own Survey, 2017

Hypothesis No. 2

Hypothesis 1b: Transformational leadership style will positively predict subordinate levels of dedication.

As shown in the Table 4.20 regarding the first hypothesis, ($r = .718$, $p = 0.00$), which indicate that Transformational leadership significantly affects employees dedication and the value of ($R^2 = .516$) shows that 51.6% variance in employee dedication is explained by Transformational Leadership. As a result, this hypothesis is accepted

Table: 4.18 Summary Regression Results of Transformational leadership style on Employees Dedication

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	1.334	.074					17.994	0
Transformational	.588	.030	.718	.516	.514	378.965	19.467	0

a. Dependent Variable: Dedication

Source: Own Survey, 2017

Hypothesis No. 3

Hypothesis 1c: Transformational leadership style will positively predict subordinate levels of absorption.

As shown in the Table 4.21 regarding the first hypothesis, ($\beta = .809$, $p = 0.00$), which indicate that Transformational leadership significantly affects employees absorption and scored value of ($R^2 = .655$) shows that 65.5% variance in employee dedication is explained by Transformational Leadership. As per the result, among the three employee engagement dimensions, absorption is the most predictive in transformational leadership style. Therefore, hypothesis is accepted.

Table: 4.19 Summary Regression Results of Transformational leadership style on Employees Absorption.

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	.947	.070					13.612	0
Transformational	.737	.028	.809	.655	.654	676.362	26.007	0

a. Dependent Variable: Absorption

Source: Own Survey, 2017

Hypothesis No. 4

Hypothesis 2a: Transactional leadership style will positively predict subordinate levels of vigor.

As indicated in the Table 4.22 the scored value of ($\beta = .492$, $p = 0.00$), which indicate that Transactional leadership significantly affects employees vigor and the value of ($R^2 = .242$) shows that 24.2% variance in employee vigor is explained by Transactional Leadership. As a result, hypothesis 2a is accepted.

Table: 4.20 Summary Regression Results of Transactional leadership style on Employees Vigor

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	1.115	.149					7.503	0
Transactional	.610	.057	.492	.242	.240	113.782	10.667	0

a. Dependent Variable: Vigor

Source: Own Survey, 2017

Hypothesis No. 5

Hypothesis 2b: Transactional leadership style will positively predict subordinate levels of dedication.

As indicated in the Table 4.23 the scored value of ($\beta = .488, p = 0.00$), which indicate that Transactional leadership significantly affects employees vigor and the value of ($R^2 = .238$) shows that 23.8% variance in employee dedication is explained by Transactional Leadership. As a result, hypothesis 2b is accepted.

Table: 4.21 Summary Regression Results of Transactional leadership style on Employees Dedication

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	1.109	.149					7.434	0
Transactional	.606	.057	.488	.238	.236	111.458	10.557	0

a. Dependent Variable: Dedication

Source: Own Survey, 2017

Hypothesis No. 6

Hypothesis 2c: Transactional leadership style will positively predict subordinate levels of absorption.

As indicated in the Table 4.24 the scored value ($\beta = .421$, $p = 0.00$), which indicate that Transactional leadership significantly affects employees vigor and the value of ($R^2 = .178$) shows that 17.8% variance in employee dedication is explained by Transactional Leadership. As a result, hypothesis 2c is accepted.

Table: 4.22 Summary Regression Results of Transactional leadership style on Employees Absorption

Model	Unstandardized Coefficients		Standardized Coefficients	R Square	Adjusted R Square	F	T	Sig.
	B	Std. Error	Beta	R2				
Constant	1.111	.173					6.437	0
Transactional	.582	.066	.421	.178	.175	76.845	8.766	0

a. Dependent Variable: Absorption

Source: Own Survey, 2017

4.6 Discussion

The main objectives of this research was to see the level at which the leadership style exercised, the different types of employee engagement, level of employees engagement and to examine the relationship between leadership style engagement dimensions.

The study has taken a sample of 370 employees to represent the total population of 9604 employees working in the headquarters of Ethiopian Airlines. The sample members have been proved to be representative of demography, experience as well as job types.

The instruments used to measure leadership style were Multifactor Leadership Questionnaire & Urchtect Work Engagement Scale was also used to measure engagement level. The instruments are have not only been adopted from previous researches whose reliability and validity have widely be acclaimed and they were also tested for the same by this researcher just in case.

Accordingly, it has been found that both Transactional & Transformational Leadership styles are generally within moderate level rated little more than the median point of 2 in a Likert type scale that ranged between 0 to 4.

Descriptive statistics in the form of arithmetic mean and standard deviations for the respondents were computed for the multiple dimensions that have been assessed using questionnaire; the result indicates that the mean values for the transformational leadership, and transactional leadership style rated by respondents ranged from a low of 2.19 to a high of 2.49 respectively.

It therefore appears that it is not possible to conclude whether transactional or transformational leadership style is followed by the airline; however, the mean value of transactional leadership is lower than transformational leadership.

Vigor: it is high levels of energy and resilience, the willingness to invest effort in one's job, the ability to not be easily fatigued, and persistence in the face of difficulties is generally desirable type of engagement. However, its mean value showed that 2.63 which rated within the range of 2 to 3.

The second employee engagement dimension is dedication; dedication refers to a strong involvement in one's work, supplemented by feelings of enthusiasm and significance, and by a sense of pride and inspiration. Its mean scored showed 2.62 which is nearly the same with employees' vigor.

The last dimension under employees engagement measured was absorptions. Absorption refers to conceptualized as inspired state of total involvement in one's work, characterized by time passing quickly and being unable to detach oneself from the job. In this dimension, rating analyzed from the survey shows 2.56 which is the lowest score of engagement dimension.

In addition to the findings generated from the descriptive type of analyses, the relationships among the various variables and dimensions have also been developed and the summary of the findings of the same put forth as follows.

The reaction of respondents on the various question items that were later associated to the various dimensions addressed in this study. Comparing the mean of the two leadership styles examined in this study transformational leadership behavior exhibited the least while comparing to transactional behaviors. Another thing that can be observed here is the fact that these leadership styles are generally rated to have been exhibited in a rather inadequate level which is under rating point 3.

As for the engagement issues, the three types of engagement were exhibited and low level of absorption engagement can be observed comparing to the two engagement dimensions. This implication of can tell us still there is a gap in employee's engagement dimensions which is below 3 likert scale.

Correlation analyses have been conducted on the various issues associated with leadership styles, and employee engagement. The summary of such analyses have been generated here under.

The first correlation analysis was conducted to assess the relationship between transformational leadership and vigor, dedication & absorption dimensions of employees' engagement. The result indicated that there is a strong positive relationship between transformational leadership with all the three (vigor, dedication and absorption) dimensions of engagement with a score of vigor ($r=0.703$ $p=.000$), dedication ($r=0.718$, $p=.000$) and absorption ($r=0.809$, $p=.000$).

Second, Correlation analysis was conducted to assess the relationship between transactional leadership and the three engagement dimensions. The result indicated that there is a positive moderate relationship between transactional leadership and engagement dimensions (vigor, dedication & absorption) with association strength of vigor ($r=0.492$, $p=.000$), dedication ($r=0.488$, $p=.000$) & absorption ($r=0.421$, $p=.000$).

Third, Correlation analysis was conducted to assess the relationship between the two leadership styles with employees' engagement. The result indicated that there is a strong positive relationship between transformational leadership and engagement and moderate positive relationship between transactional leadership and employees engagement with association score of ($r=.782$, $p=.000$) and ($r=0.487$, $p=.000$) respectively.

Multi colli nearity test was also performed, with tolerance value of .937 & VIF 1.067 result proved that the non-existence of multi collinearity.

Regression Analysis was also conducted to assess the effect of leadership style on employee engagement dimensions and testing the hypothesis. The first regression was performed to assess the predictive ability of Transformational leadership over employees vigor, the result revealed that transformational leadership ($\beta=0.703$, $p=0.000$, $R^2=0.495$),

which indicated that transformational leadership positively and significantly affect to employees vigor and can explain 49.5% of its variance.

The second regression was performed to assess the effect of Transformational leadership over employees dedication, the result revealed that transformational leadership with the score of ($\beta=0.718$, $p=0.000$, $R^2=0.516$), which indicated that transformational leadership positively and significantly affect to employees vigor and can explain 51.6% of its variance.

The third regression was done to see the influence of Transformational leadership over subordinates absorption, the result revealed that transformational leadership with the score of ($\beta=0.809$, $p=0.000$, $R^2=0.655$), which indicated that transformational leadership positively and significantly affect to employees vigor and can explain 65.5% of its variance

The fourth regression was done to see the influence of Transactional leadership over subordinates vigor and compare the degree prediction with transformational leadership, the result revealed that transactional leadership with the score of ($\beta=0.492$, $p=0.000$, $R^2=0.242$), which indicated that transactional leadership positively and significantly affect to employees vigor and can explain 24.2% of its variance. However comparing with transformational leadership it lower by 25.3%.

The fifth regression was conducted to see the effect of Transactional leadership over subordinates dedication and compare the degree prediction with transformational leadership, the result showed that transactional leadership with the score of ($\beta=0.488$, $p=0.000$, $R^2=0.238$), which indicated that transactional leadership positively and significantly affect to employees vigor and can explain 23.8% of its variance. However comparing with transformational leadership it lower by 27.8%.

The sixth regression was performed to see the effect of Transactional leadership over subordinates dedication and compare the degree prediction with transformational leadership, the result showed that transactional leadership with the score of ($\beta=0.421$, $p=0.000$, $R^2=0.178$), which indicated that transactional leadership positively and significantly affect to employees vigor and can explain 17.8% of its variance. However comparing with transformational leadership it lower by 47.7%.

CHAPTER FIVE

CONCLUSION AND RECOMENDAITON

5.1 Introduction

This chapter comprises of the conclusions, limitations and recommendations of the research study.

5.2 Conclusions

The study found that there is a significant relationship between the two leadership styles (transactional and transformational) and employees' engagement.

The transformational and transactional leadership styles positively related with employees' job engagement. In other words, the findings supported that the management of Ethiopian Airlines apply both Transactional and Transformational leadership styles. However, there is a strong relationship between transformational leadership style and employees' engagement is found.

The findings revealed that a proportional both leadership style is practiced by Ethiopian Airlines management with a mean score of 2.49 and 2.19 for transactional and transformational leadership style respectively.

The findings of this study also show that there is a strong positive correlation between employees' engagement dimension and transformational leadership style. And the correlation between transactional leadership style and employees engagement dimensions found moderate positive relationship.

The regression results showed that, transformational leadership has a predictive ability of explaining variance under employee vigor by 49.5%, employees' dedication by 51.6% and 65.5% of variance on employees' absorption.

The regression results showed that, transactional leadership has a predictive ability of explaining variance under employee vigor by 24.2%, employees' dedication by 23.8% and 17.8% of variance on employees' absorption.

Comparing the two leadership styles, transformational leadership has a better capacity of predicting all the three engagement dimensions than transactional leadership.

The studies tested the hypothesis and conclude that:

1. Transformational leadership positively predicts employee level of vigor.
2. Transformational leadership positively predicts employee level of dedication.
3. Transformational leadership positively predicts employee level of absorption.
4. Transactional leadership positively predicts employee level of vigor.
5. Transactional leadership positively predicts employee level of dedication.
6. Transactional leadership positively predicts employee level of absorption.

5.3 Recommendations

Taking into account the findings of this study, the student researcher recommend Ethiopian Airlines the following points in relation to the leadership style (transactional and transformational) and employees' engagement.

- It has been clearly indicated that the dimensions of employees' engagement have a significant difference to the styles of leadership. Therefore; Ethiopian Airlines managements shall enhance transformational leadership style and managements at all level shall walk the talk to create sense of inspiration towards employees.
- For improving level of employee engagement in Ethiopian Airlines The management shall devise an employee engagement strategy. If employees truly are a company's best asset, then their care and support be a priority. So that Ethiopian Airlines shall give due consider its employees and strategically align them with its operation by promoting its vision towards its employees and enhancing sense of purpose.
- Periodical employees' engagement survey shall be employed by the management in order to measure the level of employees' engagement and accordingly immediate response shall be given to the problems occurred by discussing with employees through creating employees voice channel and shall maintain highest engagement level .
- Managements shall interact with employees as a friend and shall create a sense of confidence and dependability towards employees in the work they perform.

- As the research finding showed, employees rated their own engagement level at a low level. It implies that employees themselves know they are in low engagement level. So that, the management shall discuss with employees and enhance employees engagement level by opening channels which enable employees to discuss freely with the highest managements and cross-sectional departments to encourage them and feel valued.
- In the above conclusion it shows that level of employees engagement of all dimensions are low barely greater than the median value of 2. Despite the necessity of employees' engagement for employees' productivity and high performance, the level of vigor, dedication and absorption is found low at Ethiopian Airlines. Therefore, Ethiopian Airlines shall interact with its employees visit its work place environment; appreciate & say thank you employees for their effort in order to feel encouraged and go extra mile.
- As the study finding shows, majority of employees at Ethiopian Airlines are youngsters and at low level experience. Therefore, Ethiopian shall engage employees from the first date employees hired trough inspiring them, involving them & encouraging them to forward ideas which support the organization. This will create positive impression about Ethiopian Airlines in the heart of employees.

5.4 Suggestions for Future Research

In future research, it would be interesting to assess relationships and consider alternative modes of enquires such as applying the longitudinal design (e.g. observations or interviews) to determine if the findings tested are likely to be sustained.



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Annex

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINES AND ECONOMICS
DEPARTMENT OF MANAGEMENT

Questionnaire to be filled by Employees of Ethiopian Airlines

Dear respondents first I would like to thank you for your willingness cooperation and devotion of precious time to fill this questionnaire. The survey will take no longer than 15-20 minutes to complete. The questionnaire primarily constructed to collect relevant, vital and truthful information to address concerns in the study entitled “**The relationship between leadership behaviors and employees engagement in the case of Ethiopian Airlines.**” and to suggest possible recommendations on the trends of the findings. To this end, the research reliability and fruit fullness is highly depends on the information provided by you, to this understanding please feel free to answer honestly for the below questions.

Your answers to the survey are completely confidential and operate under the ethics standard of the research.

Name: Ermiyas Zeberga

Email: Ermiyaszeb@gmail.com

Mobile: 0910971734

Thank you for your time.

Demographics

1. Gender:

Male Female

2. Age:

A. 18-24 B. 25-29 C. 30-34 D. 35-39 E. 40-44 F. 45-49

G. 50-54 H. 55 & Above

3. Please circle the option which best represents how long you have been at your current, or most recent, job:

A. <6months B. 6 months – 1Year C. 2 - 4 years D. 5 - 7years
E. > 7 years

Multifactor Leadership Questionnaire Rater Form (5x- Short)

This questionnaire is used to describe the leadership style of a supervisor *in your current or most recent job*. Answer all items on this answer sheet. If *an item is irrelevant, or if you are unsure or do not know the answer, leave the answer blank*. Thirty-five descriptive statements are listed on the following page. Judge how frequently each statement fits the person you are describing.

Use the following rating scale:

0	1	2	3	4
<i>Not at All</i>	<i>Once in a while</i>	<i>sometimes</i>	<i>Fairly often</i>	<i>Frequently, always</i>

Transactional Leadership Questions						
Contingent Reward		0	1	2	3	4
1	Provides me with assistance in exchange for my efforts.					
2	Discusses in specific terms who is responsible for achieving performance targets.					
3	Makes clear what one can expect to receive when performance goals are achieved.					
4	Expresses satisfaction when I meet expectations					
Management By Exception (Passive)		0	1	2	3	4
5	Fails to interfere until problems become serious					
6	Waits for things to go wrong before taking action					
7	Shows that he/she is a firm believer in "If it ain't broke don't fix it"					
8	Demonstrates that problems must become chronic before taking action.					
Management By Exception (Active)		0	1	2	3	4
9	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards.					
10	Concentrates his/her full attention on dealing with mistakes, complaints and failure.					
11	Keeps track of all mistakes					
12	Directs my attention towards failures to meet standards					

Use the following rating scale

		0	1	2	3	4
		<i>Not at All</i>	<i>Once in a while</i>	<i>Sometimes</i>	<i>Fairly often</i>	<i>Frequently, always</i>
Transformational Leadership Questions						
Intellectual Stimulation		0	1	2	3	4
1	Re-examines critical assumptions to question whether they are appropriate.					
2	Seeks differing perspectives when solving problems.					
3	Gets me to look at problems from many different angles.					
4	Suggests new ways of looking at how to complete assignments.					
Idealized Influence		0	1	2	3	4
5	Talks about his/her most important values and beliefs.					
6	Specifies the importance of having a strong sense of purpose.					
7	Emphasize the importance of having a collective sense of purpose					
8	Considers the moral and ethical consequences of decisions.					
9	Instills pride in me for being associated with him/her.					
10	Goes beyond self-interest for the good of the group.					
11	Acts in ways that builds my respect.					
12	Display a sense of power and confidence.					
Inspirational Motivation		0	1	2	3	4
13	Talks optimistically about the future.					
14	Talk's enthusiastically about what it needs to be accomplished.					
15	Articulates a compelling vision of the future.					
16	Expresses confidence that goals will be achieved.					
Individual Consideration		0	1	2	3	4
17	Spends time teaching and coaching.					
18	Treat me as an individual rather as a member of a group.					
19	Considers me as having different needs, abilities, and aspirations from others.					
20	Increases my willingness to try harder.					
21	Heighten my desire to exceed.					
22	Helps me to develop my strength					
23	Gets me to do more than I expected to do.					

Job Engagement Rater Form

Using the response options below, please circle the number that corresponds with how involved you feel in your job. Please respond to each of the statements drawing from your experiences in your current or most recent job.

Use the following rating scale:

<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>Not at All</i>	<i>Once in a while</i>	<i>sometimes</i>	<i>Fairly often</i>	<i>Frequently, always</i>

Vigor Related Questions		0	1	2	3	4
1	When I get up in the morning, I feel like going to work.					
2	At my work, I feel bursting with energy.					
3	At my work, I always persevere, even when things do not go well.					
4	I can continue working for very long periods of time					
5	At my job, I am very mentally resilient					
6	At my job, I feel strong and vigorous					
Dedication Related Questions		0	1	2	3	4
1	To me, my job is challenging					
2	My job inspires me					
3	I am enthusiastic about my job					
4	I am proud of the work that I do					
5	I find the work that I do full of meaning and purpose					
Absorption Related Questions		0	1	2	3	4
1	When I am working, I forget everything else around me					
2	Time flies when I am working					
3	I get carried away when I am working					
4	It is difficult to detach myself from my job					
5	I am immersed in my work					
6	I feel happy when I working intensely					

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.838 ^a	.702	.701	.49126

a. Predictors: (Constant), Transactional, Transformational

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	202.178	2	101.089	418.872	.000 ^b
	Residual	85.674	355	.241		
	Total	287.852	357			

a. Dependent Variable: ENGAGEMNT

b. Predictors: (Constant), Transactional, Transformational

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.775 ^a	.601	.599	.57291

a. Predictors: (Constant), Transactional, Transformational

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	175.699	2	87.850	267.649	.000 ^b
	Residual	116.521	355	.328		
	Total	292.220	357			

a. Dependent Variable: VIGOR

b. Predictors: (Constant), Transactional, Transformational

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.486	.114		4.282	.000
	Transformational	.506	.028	.619	17.879	.000
	Transactional	.418	.043	.337	9.735	.000

a. Dependent Variable: VIGOR

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786 ^a	.617	.615	.56226

a. Predictors: (Constant), Transactional, Transformational

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	180.842	2	90.421	286.018	.000 ^b
	Residual	112.228	355	.316		
	Total	293.070	357			

a. Dependent Variable: DEDICATION

b. Predictors: (Constant), Transactional, Transformational

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.463	.111		4.150	.000
	Transformational	.520	.028	.636	18.735	.000
	Transactional	.408	.042	.329	9.697	.000

a. Dependent Variable: DEDICATION

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840 ^a	.706	.704	.54799

a. Predictors: (Constant), Transactional, Transformational

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	256.112	2	128.056	426.431	.000 ^b
	Residual	106.606	355	.300		
	Total	362.718	357			

a. Dependent Variable: ABSORPTION

b. Predictors: (Constant), Transactional, Transformational

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.260	.109		2.396	.017
	Transformational	.684	.027	.751	25.267	.000
	Transactional	.322	.041	.233	7.843	.000

a. Dependent Variable: ABSORPTION