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THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEES' INNOVATIONS: A CASE OF BERHANENA SELAM PRINTING ENTERPRISE

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**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY IN
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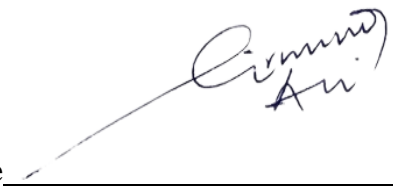
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DECLARATION

The thesis is available for the partially satisfied EMA in business administration, and not a single degree from this university or any other affiliation has been submitted with this study. I, the undersigned, hereby certify that this thesis is my original work and that all basis resources used for the study have been officially acknowledged, under the guidance and recommendation of the research adviser.

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STATEMENT OF CERTIFICATE

This is to certify that, in terms of originality and quality, Girma Ali thesis, " The effect of leadership Styles on Employees' Innovations: A Case of Berhanena Selam Printing Enterprise" which was submitted in partial fulfillment of the requirements for EMA in business administration degree, satisfies accepted standards and regulations of the University.

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ACRONYMS

ANOVA	Analysis of Variance
SD	Standard Deviation
SPSS	Statistical Packages for Social Science
UK	United Kingdom
VIF	Variance Inflation Factor

ABSTRACT

This study looked into how innovation is impacted by different leadership philosophies at Berhanena Salam Printing Enterprise. To do this, the study's descriptive research approach was employed. It was purely quantitative. 200 of the 403 employees were chosen as responders; the research participants were chosen using a systematic random selection technique, yielding an 84.5% response rate. The information was gathered using a well-structured online survey. The study employed regression and correlation analysis to search for potential relationships between the independent and dependent variables. The study reveals that leadership styles play a crucial role in driving innovation among employees. Specifically, laissez-faire leadership consistently shows a positive impact across all dimensions of innovation (resource, process, organizational culture, and operational intelligence). Authoritative leadership also positively influences resource utilization, while transformational leadership enhances process innovation. Conversely, transactional leadership generally has a negative effect, particularly on process and organizational culture innovation. The findings suggest that laissez-faire and transformational leadership are particularly effective in fostering innovation across various dimensions. By adapting leadership strategies to promote these styles, organizations can create a more innovative and dynamic workplace. Conversely, minimizing reliance on transactional leadership approaches can help prevent the stifling of innovative efforts. Through strategic leadership development, organizations can enhance their overall innovation capabilities, leading to sustainable growth and competitive advantage.

Keywords: Transactional leadership, Transformational leadership style, Autocratic leadership, laissez-faire leadership, innovation.

CHAPTER ONE

1. Introduction

This chapter serves as an introduction to the thesis; it covers the study's goals, issue statement, and historical context. It concludes with a discussion of the study's importance and limits in addition to how the remainder of the thesis is structured.

1.1 Background of the Study

To accomplish its objectives, leadership is the process of influencing people's attitudes, behaviors, and relationships both inside and between groups, according to Bass B. (1990). The capacity to use social influence to encourage and support others while advancing one's own objectives is the hallmark of leadership. The ability of leaders to set an example and institutionalize positive behaviors and attitudes that benefit individuals, groups, and organizations is one of the most crucial elements in bringing about transformative change in businesses (Benawa, 2017).

There are various ways to exert leadership depending on the situation and the personality of the leader. Irwin (2014) asserts that style serves as a leader's public face since it is the most noticeable part of our relationships with other people. A Chua and Lussier (2013) found that a vast majority of reported evolutionary theories of leadership styles fall somewhere on a continuum between employee- and job-centeredness.

Authoritarian leadership styles are commonly associated with subpar performance, difficult leader-follower relations, and a strong inclination for followers to quit up, according to Schaubroeck et al. (2017). For example, Chiang et al. (2020) shown that the workplace degenerates when autocratic bosses suppress their staff members' emotions. According to Schuh et al. (2012), subordinates' productivity may suffer when their superiors adopt an authoritarian leadership style.

Schaubroeck et al. (2017) found a direct correlation between subordinates' discontent with power distance and the detrimental impacts of directive leadership on performance. Because of this, authoritarian leadership philosophies appear to be incompatible with the immense dynamism of today's globally integrated and hyperconnected marketplaces. Various leadership philosophies can influence and produce innovation (Eckardt et al., 2021; Jia et al., 2018). As stated by Barnová and colleagues (2022), different leadership philosophies have an impact on the type of interpersonal

connections that arise as well as their consequences. These philosophies include directive, intimate, engaged, frustrated, and supportive philosophies. Khasawneh et al. (2022) assert that innovation, creativity, and information sharing are significantly impacted by a leader's transparency. The servant leadership approach improved job performance even with control-oriented, submissive personnel (Qiang et al., 2023).

Two of the several antecedent organizational characteristics or variables that support innovation are organizational culture and transformational leadership, according to Abbasi et al. (2013). Researchers found a favorable correlation between followers' creativity, organizational innovation, empowerment, support for innovation, and intrinsic motivation based on the discussion above and transformational leadership. However, there is currently a dearth of study on the connection between organizational innovation and leadership styles. First, experts still cannot agree on the link between organizational innovation and leadership, even though almost all relevant research has examined the effects of both transformational and transactional leadership styles on innovation.

Previous studies have demonstrated a positive correlation between innovation and transformational leadership (Bhaskar & Junni, 2016). There is a negative correlation between transformative leadership and innovation, according to Pieterse, Knippenberg, Schippers, and Stam (2010). Research on the link between leadership styles and organizational innovation performance is abundant, but it noticeably lacks discussion of the effects of authoritative and laissez-faire leadership styles on organizational innovation. In light of these research gaps and the inconsistent distribution of evidence regarding the effects of leadership styles on innovation, this study examines the ways in which various leadership styles influence innovation in an effort to sustain the momentum of research on the relationship between organizational innovation and leadership.

1.2 Statement of the Problem

The Berhanena Selam Printing Enterprise is a commercial printing company based in Ethiopia. It aims to become the top printing company in Ethiopia and abroad by creating an ecosystem that makes things easier for its clients. In doing so, it has encouraged the creation of a product and brand that are linked to excellence. Individual and organizational innovation focused on growth is given priority. The corporation thinks that its pursuit of innovation and leadership in the printing industry is directly impacted by the leadership and management style of the numerous teams that make up the enterprise. Managers, who are in charge of inspiring people to achieve organizational

goals and fostering employee creativity and organizational innovation, are the ones who best represent the company's strategic motivation to excel in the printing services market. Because the theme is crucial to understanding the development trajectory of any organization and because research on the factors influencing organizational performance has main result for the efficacy and competitiveness of the organization, it has established a lot of consideration in the literature on administrative studies (Saleh & Al-Hakimi, 2022). The significant absence of appropriate leadership is one of the biggest challenges that firms globally must overcome in order to advance their achievement (Gelaidan et al., 2023). A number of factors that gave the native population more chances for success can be blamed for the problem of insufficient leadership (Kembo et al., 2021). Several problems were identified by transformational leadership designers in their previous work, some of which are listed below: Money meant for the personal benefit of upper management is frequently embezzled (Tufa & Kant, 2023). Adegoke, Andy, and Kathrin (2014) focused on productivity and performance in the UK in their study on the influence of leadership on innovation. This is uncommon in developing countries with differing degrees of technological advancement and cultural dispersion. In his investigation about how leadership affects Nigeria. Rather than examining innovative leadership, Ejimabo N. (2013) focused on comprehending the reality, challenges, and political context of leadership. Alexander & Maria (2011) focused on how leadership affects innovation in the Swedish environment.

As the aforementioned examples show, numerous studies have looked at the tie among a leader's style and workers' creativity and have tried to ascertain if this relationship and effect are positive or negative. Nevertheless, no previous study has been done that shows how staff productivity in the Berhanena Selam printing enterprise is squeezed by leadership style, especially in the Ethiopian context. By analyzing the effects of autocratic, laissez-faire, transformational, and transactional leadership styles on the organizational innovation performance of the Berhanena Selam printing firm, this study seeks to bridge the knowledge gap.

1.3 Research Questions

The following basic questions were the focus of the research:

- What influence does Berhanena Selam's printing enterprise's transformative leadership style have on innovation?

- How does Berhanena Selam's printing enterprise transactional leadership style affect its staff members' creativity?
- What impact does a leadership style that is laissez-faire have on innovation at Berhanena Selam's printing enterprise?
- What effect does an autocratic leadership style have on innovation in Berhanena Selam's printing enterprise?

1.4 Objectives of the Study

1.4.1 General Objective

This study's prime goal was to investigate how leadership styles affect innovation in the Berhanena Selam printing enterprise.

1.4.2 Specific Objective

The specific goal of this study was:

- to investigate how innovation in Berhanena Selam Printing Enterprise is impacted by a transformational leadership style.
- to assess how innovations in Berhanena Selam Printing Enterprise are impacted by a transactional leadership style.
- to determine how innovations in the Berhanena Selam printing enterprise are impacted by a laissez-faire leadership style.
- to evaluate how innovations in the printing enterprise of Berhanena Selam are affected by an authoritarian leadership style.

1.5 Significance of the Study

This work was considerable in a multitude of ways. Firstly, leaders should be encouraged to seek out more actual leadership in order to stimulate novelty in their own firms by adopting the study's findings and putting into practice the leadership philosophies that have been demonstrated to enhance organizational innovation. The precise recommendations from the study will help executives create a leadership strategy that fits the needs of their unique firm.

Additionally, it might have helped Berhanena Selam Printing Enterprise pinpoint significant issues with innovation and leadership initiatives, which would have enhanced strategy execution and

preserved competitiveness. If other firms adapt the study's results to their own business environment and interpret the study's conclusions in light of those findings, it could be less challenging for them to evaluate their leadership techniques and how they affect innovation projects in the same or adjacent sectors.

1.6 Organization of the Study

The research was divided into five sections. The research's initial concerns are covered in the first part. These issues are broken down into many areas, including the study's history, problem description, objectives, importance, and organizational structure. The next chapter covers the study's assessment of the literature, which includes a theoretical analysis and a synopsis of prior studies in the topic. The third chapter will address the study's design and methodology, including the procedures for selecting, assessing, and presenting data sources. The fourth chapter provided, reviewed, and assessed the data and statistics data sources. The conclusion and advice of the last chapter are based on the statistics shown in the fourth chapter.

1.7 Scope of the Study

There are many various methods to practice leadership, and the literature provided examples of a variety of these approaches. The impact of different leadership philosophies on innovation was examined in this thesis. Although this thesis's source material encompassed a wide range of global locations and stages of economic development, the study was conducted in the context of Berhanena Selam printing firm. The results of the study, which was conducted at Berhanena Selam Printing, centered on the business management practices of that specific organization and how they affected innovation. The focus of this thesis was to determine how leadership styles affected innovation at Berhanena Selam Printing enterprise during the 2023–2024 fiscal year.

1.8 Limitation of the Study

The study only included staff members of the Berhanena Selam Printing Enterprise, which resulted in a small sample size. This may limit how broadly the results may be applied to other businesses or sectors. The research uses a cross-sectional design, gathering data at a specific moment in time. This may make it more difficult to determine a link between employee creativity and leadership approaches. The study ignores outside variables that might affect employee innovation and influence the association between leadership styles and innovation, such as changes in the market, organizational structures, or technology developments.

1.9 Operational Definition of Key terms

Leadership Styles:

- **Definition:** Leadership styles refer to the behavioral patterns and approaches that leaders use to influence and guide their followers or team members.
- **Operationalization:** To operationalize leadership styles, we need to specify which styles we are studying (e.g., transformational, transactional, laissez-faire) and how we will measure or assess each style.

Transformational Leadership: This style involves inspiring and motivating employees by fostering a vision, stimulating intellectual growth, and providing individualized support.

Operational Definition: Transformational leadership can be measured using scales such as the Multifactor Leadership Questionnaire (MLQ), which assesses behaviors like inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence.

Transactional Leadership: This style focuses on exchanging rewards for performance and maintaining order through contingent rewards and corrective actions.

Operational Definition: Transactional leadership can be measured through scales that assess behaviors such as contingent rewards and management by exception.

Laissez-Faire Leadership: This style involves minimal interference and allows employees to make their own decisions with little guidance or supervision.

Operational Definition: Laissez-faire leadership can be operationalized by observing the extent of leader involvement in decision-making and task management.

Employee Innovation:

- **Definition:** Employee innovation encompasses the process of generating and implementing new ideas, products, processes, or services that contribute to organizational success and competitive advantage.
- **Operationalization:** To measure employee innovation, we should define specific aspects or dimensions of innovation that are relevant to our study and how we will assess them.

Operational Metrics: Define metrics or indicators that quantify innovation outcomes, such as:

- Number of new ideas generated per employee.
- Rate of successful implementation of innovative ideas.
- Impact on productivity, efficiency, or profitability.
- Customer satisfaction ratings influenced by innovative solutions

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

Organizational innovations, leadership, leadership ideologies, and innovation are all covered in this chapter. The conversation then shifts to four distinct leadership philosophies: transformational, laissez-faire, transactional, and autocratic. The talk will conclude with an explanation of how the performance of organizational innovation is impacted by these four leadership ideologies.

Leadership

The literature on the subject demonstrates how ambiguous and contradictory the notion of leadership is (Winston & Patterson, 2006). As a result, several ideas, methods, and tactics have been developed (Mgeni, 2015). Bass (1999) provides an extensive array of options by highlighting the fact that the definition of leadership is contingent upon the goals of the efforts made to define it. In fact, the very word "leadership" implies the existence of followers. Leadership, according to Robbins & Coulter (2005) and Northouse (2007), is a process that entails motivating and directing others to achieve organizational objectives. As to Ensley et al. (2003), the role of a leader in an organization is to guide the behavior, beliefs, and mental processes of their followers towards the intended outcome.

Effective leadership, according to Uchenwamgbe (2013), requires the ability to persuade others to take activities that advance the leader's goals and aspirations. Wehrich and Koontz (2005) define leadership as the capacity to inspire people to work willingly and enthusiastically toward accomplishing group goals. According to scholars like Yukl (2006), Peretomode & Peretomode (2001), and others, leadership is the process of helping people and organizations accomplish shared objectives and persuading others of what has to be done and how.

The concepts discussed above emphasize a number of essential elements that come together to create the phenomena of leadership. Northouse (2007) notes that some of these elements are as follows: (i) leadership is a process; (ii) leadership entails influencing others; (iii) leadership occurs in a group setting; (iv) leadership entails accomplishing objectives; and (v) followers and leaders share these objectives. Therefore, for the purposes of this essay, leadership is understood to be the

process by which a person influences others to accomplish a task and guides the organization in a way that enhances its cohesiveness and coherence. This definition includes the five components of leadership that were previously described. Furthermore, it is implied from the foregoing explanation that leaders employ their knowledge, skills, ethics, character, values, and capacities to carry out this process. This takes us to the following section, where we shall examine leadership philosophies.

2.1 Theories of Leadership

Numerous theories that concentrate on the methods, characteristics and situational approach of leadership have been developed and leadership research has become the most popular area of study in organizational behavior worldwide. Owing to the growing interest in leadership, behavioral scientists and sociologists began studying the variables that influence a leader's behavior and the possible results of their decisions.

2.1.1 Great-Man Theory

It took decades to identify common traits in leaders, primarily because most societies want their heroes to provide an excuse for both their achievements and shortcomings. Despite his accomplishments in this world, Thomas Carlyle stated in 1847 that "universal history, the history of what man is at the bottom of the list of the great individuals who have toiled here, for the benefit of the heroes." Carlyle postulated the "great man theory," which holds that only heroically inclined people may become leaders and that leaders are born. He thought that exceptional people were created, not born. Expanding upon Carlyle's viewpoint, American philosopher Sidney Hook pointed out the difference between an event influencing a man and the event itself forming a man (Dobbins and Platz, 1986). He did not so much dictate its course as he implied that the historic person remained complicated within a historical context. But he argued that the person who started it all had a say in the outcome and that if he hadn't been involved, things may have gone very differently. At that period, man's place in the universe was decided by "the implications of remarkable capacities of thought, volition, and character rather than the actions of differentiation." The Great Man concept was called into question as time went on since it was clear that this idea of leadership was ethically dubious, as was the case with Hitler, Napoleon, and other characters of a similar sort. The company's ability to expand was constrained as these extraordinary individuals lost significance (MacGregor, 2003). The idea that leaders are born or are destined to be in their

position at a specific moment was eventually superseded by the idea that leadership is a reflection of specific attributes that indicate a tendency for leadership.

2.1.2 Trait Theory

According to early theories, leaders might be identified by particular psychological and physical traits from non-leaders. The question of whether leadership traits were inherited or taught was disregarded by trait theories. Jenkins distinguished between two categories of traits: emergent traits (those that primarily depend on heredity), such as height, intelligence, attractiveness, and self-confidence, and effectiveness traits (obtained through experience or education), like charisma, as a crucial component of leadership (Ekvall & Arvonen, 1991).

Max Weber asserts that the most revolutionary power is charisma. It could broaden followers' perspectives and strengthen their allegiance to leaders they perceive to possess almost unreal supernatural or superhuman abilities. Before studies revealed little distinctions between followers and leaders, the psychological, physical, and cognitive characteristics that distinguished leaders from non-leaders were emphasized (Burns, 2003). Trait theory emerged from the inability to identify the characteristics shared by all successful leaders, but in the end, it was seen as an inaccessible aspect and became out of style. Researchers focused on the significance of specific traits arising at specific times by analyzing the traits of both military and civilian leaders in the late 1940s.

2.1.3 Contingency Theories (Situational)

Contingency theories state that a leader must consider both the internal and exterior elements of the surrounding environment in order to adapt to the unique conditions. There is no one right way to lead as a result. This implies that as a leadership style depends on a multitude of factors, such as the characteristics and surroundings of the followers, no one style is optimal when used alone. Although the dynamics and atmosphere of a business are influenced by its leaders, employees typically experience personal changes as well. According to the principles of contingency, a branch of behavioral theory, a leadership strategy that is effective in one set of circumstances cannot be effective in another, hence logically disproving the idea that there is a single optimum method to organize and lead (Greenleaf, 1977).

Those who subscribed to contingency theory held that the relationship between a leader and a subordinate was primarily formed by the leader, whereas those who adhered to situational theory believed that the subordinates played a major part in this process. Even while it still primarily concentrates on the leader, situational leadership highlights the importance of group dynamic attention. "These investigations of the relationships between groups and their leaders have shaped some of our present notions about group dynamics and leadership." A leader's style should correspond with their maturity level, according to the idea of situational leadership (Bass, 1997). "There is no one optimum technique to lead; rather, a leader must be able to change from a task-oriented to a relationship-oriented approach depending on the circumstances," according to the situational leadership paradigm, which was first introduced in 1969.

2.1.4 Style and Behavior Theory

According to style theory, each person has a favorite leadership style that they feel most comfortable with. While comparing that particular act to the leader's previous capabilities, it also recognizes the significance of certain fundamental leadership skills that allow a leader to accomplish a task. Like products, no one style is appropriate for every situation. Yukl (2012) introduced three different approaches to leadership. Workers under democratic leadership have demonstrated high levels of drive, inventiveness, and satisfaction when it comes to production. Whether the leader was there or not, they worked with great zeal and intensity, and their bonds with them grew. On the other hand, the main goal of laborers under authoritarian leadership was to produce more work. Laissez-faire leadership was once thought to function best when overseeing a team of highly skilled, driven workers with a successful track record.

Two further leadership theories that emphasize leadership effectiveness are those outlined by Feidler and House (1994). This research came to the conclusion that early structure which included task behaviors and concern for productivity and attention which included interpersonal behaviors and care for others were the two most crucial traits. What counts is how comfortable and confident a leader makes his followers feel. Conversely, creating structure demonstrates how well the leader organizes, clarifies, and defines their own responsibilities as well as those of their subordinates. Taking into account that they support the achievement of the business's goals, performance, and financial outcomes. Several scholars have distinguished between three types of leaders: authoritarian, democratic, and laissez-faire. Furthermore, he believed that each of these three

categories may contain all leaders: "The democratic leader seeks input from his followers before making decisions; the authoritarian leader makes decisions without consulting his followers; and the laissez-faire leader accepts the decisions made by his followers without really exercising leadership beyond accepting the post."

2.1.5 Process Leadership Theory

Every year, a new theory of leadership is developed. Servant leadership, principle-centered leadership, and charismatic leadership are some other theories with a process orientation. In the early 1970s, Greenleaf promoted servant leadership. There was a noticeable surge in the conversation about servant leadership in the early 1990s. It was said that servant leaders pay attention to their subordinates' concerns and provide them with understanding, care, and compassion. Someone who was naturally submissive was given the role of leader. "A servant leader puts the needs of their followers first and assists them in becoming more informed, independent, and free people." The "have-nots" are another group that the servant leader treats equally and with more care (Greenleaf, 1977). Great leaders ought to be guardians (servants) of the organization's mission rather than the demands of the people who work there. Seeing the vision as something bigger than themselves, leaders in learning firms create and nurture it. The leader's vision and the group's or the community's overarching goal are in alignment.

A leader's role is to emphasize social duty while enhancing the well-being of others, according to these and other more contemporary ideas of process leadership. The discipline of leadership studies seems to have undergone a noticeable change. Over time, the theory of leadership has evolved, covering topics such as situational and relational leadership styles, natural rights and characteristics, learned traits and styles, the role of groups and group dynamics, and, most recently, group interactions with a focus on moral advancements both individually and within the organization (Dionne et al., 2004).

2.1.6 Transactional Theory

Leadership theories began to change in the late 1970s and early 1980s, moving away from methods that emphasized the follower, the leadership context, and the leader's individual perspectives in addition to the links between them. According to Shamir et al., interactions between leaders and followers that are predicated on several agreements are what define transactional leadership (1993). The transactional hypothesis states that leaders influence followers

and that followers are affected by leaders. This rests on the foundation of reciprocity. According to some study, there are differences in the leader-follower relationship and the leader's degree of engagement between transactional leadership and other leadership philosophies.

As "a form of contingent-reward leadership that includes active and positive exchange between leaders and followers wherein followers were paid or acknowledged for meeting agreed upon objectives," Bass and Avolio (1994) provided the definition of transactional leadership. Merit hikes, bonuses, or the boss's gratitude for a job well done are a few examples of these perks. Rewards for excellent work might include recognition, merit pay for advancements, improved performance, and teamwork for collegiality. Alternatively, the leaders might avoid answering questions, wallow in their own missteps, and put off acting. This theoretical framework is referred to as "management-by-exception," and it may be further divided into active and passive exchanges. Depending on when the leaders do them, these two kinds of transactions differ from one another. An active leader attempts to act before others and continuously assesses performance (Avolio & Bass, 2002).

2.1.7 Transformational Theory

Different from previous ideas from the past and present, transformational leadership incorporates followers into personal, organizational, and socially beneficial processes and activities. What distinguishes transformative leadership is its alignment with a higher cause. The motivation and spirits of their followers are raised by transformational leaders (Shamir et al., 1993). Shared values, beliefs, and goals serve as the foundation for the relationships that transformative leaders and their followers develop. This has an impact on the production that helps achieve the goal. Transformative leaders, like Bass, "try to encourage followers to rearrange their requirements by transcending self-interests and aim for higher order goals." This theory is consistent with the concept of higher order requirements proposed by Maslow in 1954. Transformational leadership is centered on improving leaders' behaviors and capacities to lead change by addressing their beliefs, values, and attitudes.

Research suggests that for both leaders and followers, group needs should take precedence over individual ones. Next, the leader should focus on the needs and input of the followers in order to empower and encourage everyone to become a leader (House et al., 1997). Transformational leadership emphasizes the moral aspects of leadership more than earlier matured leadership

theories. According to MacGregor (2003), transformational leaders may be distinguished by their capacity to recognize when change is necessary, win others around to their vision, develop a plan for bringing about the change, and carry it out. These leaders aim to support the ethical, moral, and skill development of every team member by giving their job a purpose and challenge. These leaders seem to have a really positive and appealing vision for the future. They are "visionary leaders who, by appealing to their better nature, steer their followers toward higher and more universal needs and aims," according to MacGregor (2003).

2.2 Creativity and Innovation

Inventive ideas are the foundation of employee creativity in a business. Another element that helps new programs, product launches, or services be implemented successfully is having a strong concept and developing it beyond its first stages (Amabile et al., 2005). (Mumford and others, 2002). Make the argument that although there is a general relationship between the arts and sciences and creative work, there is no one profession that is uniquely linked to creative activities. Instead of emphasizing the characteristics of creative people, the typical psychological approach to creativity is abandoned by Amabile et al. (2004), who instead assume that the social environment may have an impact on the frequency and intensity of creative activity.

Specific task-category work exhibits greater creativity. Additionally, difficult and ill-defined projects that call for the creation of original yet practical solutions may stimulate creative thinking (Mumford, Scott, Gaddis, & Strange, 2002). Nevertheless, management, engineering, finance, and advertising all provide creative jobs. It encompasses both concept creation and implementation, with the latter occasionally requiring just as much innovation as the former (Mumford M. D., Scott, Gaddis, & Strange, 2002).

According to Amabile et al. (2004), the creation of original and practical ideas in any field is what is meant by creativity. Moreover, (Oldham & Cummings, 1996) assert that individual creativity happens. Moreover, Amabile et al. (2004) assert that individual and collective originality serves as the cornerstone of innovation. In this context, creative performance is usually assessed based on the products being produced. A creative product is one that successfully resolves an original, ill-defined challenge (Mumford et al., 2002). Still, the bulk of studies have focused on the processes by which individuals manufacture these things (Mumford M. D., Scott, Gaddis, & Strange, 2002). Therefore, according to Amabile et al. (1996), "Creativity is the germ of all invention."

Furthermore, the motivation to come up with new ideas is probably influenced by psychological viewpoints on innovation—the application of people's ideas inside an organization (Amabile, et al., 2004). Mumford and colleagues (2002) distinguish between two primary categories of processes that seem to be engaged in creative work: procedures that facilitate the development of original ideas, also known as creative processes, and processes that facilitate the application of new ideas, also known as innovation processes.

2.3 Organizational Innovation

The process of bringing anything new—a concept, idea, service, technology, method, or strategy—into a well-established business is known as organizational innovation. "The production or acceptance of a thought or method that is novel to the organization" is Lam (2006)'s definition of organizational innovation. Innovation is defined as "acceptance of a gadget, system, policy, program, process, product, or service that is produced internally or acquired by the adopting firm," according to Damanpour (1991). Even if improving things is the goal of innovation, not all of it succeeds. Inventiveness and innovation are not the same thing. Innovation is defined as a completely new item, service, technique, or approach (such as patents). However, innovation might also take the form of minor adjustments or modifications. Furthermore, organizational innovations generally occur within organizations. Individual innovation, on the other hand, mostly relates to a worker's creativity or imaginative activity. Last but not least, organizational transformation may not necessarily entail innovations because many companies alter their strategy or structure without presenting novel ideas. Organizational changes are more significant than innovation and are usually associated with modifications to organizational design and structure.

2.4 Leadership and Organizational Innovation

As was previously mentioned, different authors and academics define leadership in different ways. Various organizational characteristics and environmental requirements can dictate the use of different leadership philosophies.

Although some scholars contend that leadership is wholly irrelevant, this claim is based on the notion that there are other options for leadership. A replacement could take the form of closely linked teams of highly competent people. One could argue that a group such as that wouldn't require any leadership at all because they are so goal-oriented and self-sufficient. However, it

seems that in order for a community to govern itself, delegation by a higher authority will be required (DuBrin, 2010).

Thus, depending on the organization, leadership may be required to differing degrees. Leadership is one of the most important elements that numerous studies have identified to increase organizational innovation, according to Jung et al. (2003). Previous research in this area has shown the double impact leaders have on their followers. When leaders address their followers' higher-level needs and intrinsic motivation which are acknowledged as important drivers of creativity this is an example of a direct impact. Leaders indirectly encourage innovation by fostering an atmosphere in which employees feel free to try new things without worrying about the consequences (Jung et al., 2003).

"Create and sustain an organizational environment and culture that promotes innovative activities and allows dissemination of learning," they say, requires leaders to actively participate. According to Jung et al. (2003), followers who were encouraged to solve problems constructively shown higher levels of creativity and self-efficacy in their problem-solving abilities. Today's competitive market presents a new challenge for leadership in terms of acting and coordinating creative actions. If individual employees' creative behaviors aren't coordinated and their ideas and outputs aren't utilized to produce such organizational level outcomes, the company won't be able to effectively address the problems of a competitive marketplace (Jung et al., 2003).

2.5 Leadership Styles and Innovation

While organizing, directing, reviewing, and coordinating are all common leadership responsibilities, Riggio et al. (2008) contend that different circumstances might modify a leader's approach, leading to a different category of leadership based on how it is used. Lawal et al. (2014) state that research suggests that, in addition to the manager's personal style, leadership styles might vary throughout countries and cultures. The author said that data backs up the claim that managers in Europe are generally more people-oriented and humanistic than managers in Japan and the United States.

2.6 Transformational Leadership

Transformational leadership is a kind of leadership that uses change to impact society institutions as well as individuals. In its ideal form, it significantly and favorably alters followers, transforming

them into leaders. There are several ways that transformational leadership enhances followers' motivation, productivity, and mood when it is applied well. They include helping leaders assign tasks that best utilize their abilities by knowing their strengths and weaknesses, motivating followers to assume greater responsibility for their work, and connecting a follower's sense of self and identity to the mission and shared identity of the organization.

Transformative leadership is now positively predictive of a wide variety of performance outcomes, including individual, group, and organizational level features, following more than 30 years of study and several meta-analyses (Bass & Bass, 2008).

Four components of transformational leadership are introduced by The Whole Range of Leadership: intellectual stimulation, intellectual influence, individualized concern, and inspiring motivation..

Individualized consideration- is the degree to which a leader caters to the needs of each follower, serves as a coach or mentor to them, and pays attention to their wants and concerns. The manager is empathetic, helpful, and creates obstacles to candid dialogue. This addresses the significance of treating others with respect and appreciating the individual contributions that each follower may make to the group. The followers are naturally motivated to do their jobs and grow as individuals. The level to which a leader responds to the needs and desires of their followers; this is also related to the leader's care for the followers' advancement and skill development (Shahin and Wright, 2004).

Intellectual stimulation- is the level at which a leader asks followers for input, questions presumptions, and takes calculated risks. This type of leader encourages and inspires creativity in those who follow them. They encourage and support the capacity for independent thought in others. Such a leader values education and views unforeseen circumstances as teaching opportunities. The followers inquire, exercise critical thought, and come up with more efficient ways to carry out their tasks. This is about encouraging people to think critically and creatively (Sanusi, F. 2013). As a result, the leader will dispel myths and encourage followers' theories by providing them with the opportunity to devise novel solutions to issues (Tierney P. et al., 2010).

Inspirational Motivation: This refers to a leader's capacity to persuade people and inspire them with a vision. Leaders that inspire motivation set high expectations for their people, communicate optimism about future objectives, and give the job at hand a meaning. A distinct mission statement

is necessary to motivate people to act. Effective communication is essential for promoting the visionary qualities of leadership. It should be concise, powerful, and captivating. Because the followers are motivated, upbeat, and confident, they are willing to work more at their jobs. According to Bernard (1997), the degree to which a leader's vision energizes and instills hope in followers for the future is known as inspirational motivation. A leader needs to inspire, communicate, challenge, and infuse meaning into the task at hand in order to do this (Rumley, 2011).

Idealized Influence: behaves morally, builds self-esteem, and wins people's respect and confidence. Transformational leadership is already extensively used in all spheres of western society, including government agencies, as a development tool. During the model-building process, it was found that the word idealized influence is preferable to charisma for several reasons, even though Bass B. (1998) had previously termed this dimension "Idealized influence" using the term charisma.

To begin with, charisma is seen differently by the media. Secondly, the term charisma is sometimes used by scholars to describe transformational leadership in a broad context. Third, the word "charisma" is linked to autocratic dictators, claims Bass (1999). In 1947, Max Weber became the first person to study charisma; he described it as a "supernatural talent" that enables leaders to take on new roles. Their distinct talents to inspire and sway their people set them apart from other leaders.

2.6.1 Transformational Leadership and Organizational Innovation

According to Amabile et al. (1996), innovation is "the successful implementation of new ideas inside an organization." Innovation, then, is the result of an organization's whole creative process. Oldham and Cummings (1996) assert that organizational innovation takes place. For this reason, individual creativity is the foundation of innovation. According to Amabile et al. (1996), innovation is based on both individual and group creativity. The definition and elements of transformational leadership that were previously discussed, along with additional research that demonstrates the relationship between transformational leadership and organizational innovation, all call for increased levels of creativity and inventiveness within organizations. Various studies that present opposing views have backed up this assertion. According to one of such ideas (Bass, B. M., Avolio, Jung, & Berson, 2003), transformational leaders enable their followers to violate trade agreements by elevating crucial performance and incorporating it into their own personal values. Mumford et al. (2002) state that transformational leaders who use a vision-based

motivating strategy will see a rise in organizational creativity. This is what happens when transformational leaders adopt a vision that upholds and embodies organizational objectives. Rather than making overtly emotional appeals, they will instead convey a work-focused vision that will inspire followers' creative efforts via project selection and appraisal (Mumford M. D., Scott, Gaddis, & Strange, 2002).

2.7 Transactional Leadership

A transactional leadership style consists of three components: dependent compensation, management-by-exception (passive), and management-by-exception (active). The concept of dependent incentives is used by a transactional leader to communicate expectations to followers and to honor and reward exceptional performance. Transactional leaders use extrinsic rewards to increase followers' motivation and view contracts as Principal Motivators: Bass B. (1990). The evidence suggests that the transactional approach could be detrimental to employees' creativity and job happiness. The concept of management-by-exception explains how executives react when they accurately identify behavioral deviations from expected behavior. The implementation of each style varies based on the circumstances and surroundings. In situations when precision, technical expertise, and timeliness are critical especially in technologically complex settings we will choose transactional leadership. However, in human resources-heavy settings where inspiring followers is the primary aim, transformational leadership which respects followers' sentiments based on shared goals, beliefs, and values is the preferable approach (MacGregor, 2003).

Contingent Reward- focuses on reaching objectives. This habit developed because people value tangible, observable rewards for their labors. "Transactional leadership creates compliance by appealing to people's needs, desires, values, and belief systems, whereas transformational leadership values unique abilities and fosters enthusiastic leadership (Avolio, Berson, Jung, & Bass, B. M. 2003)." Manager leaders are expected to guide staff members to ensure tasks are done when utilizing dependent rewards. In summary, key indicators of contingent reward building inside the group are confidence, direction-setting, material rewards based on performance, and reciprocity.

Management by Exception (Active) – A at ease leadership style does not characterize this as a leadership retreat. Active managers who use the management by exception approach have a strong belief that their employees will do the best possible job. Keep your cool and try not to annoy

anyone. According to Bass, Avolio, Jung, and Berson (2003), "this sort of leadership does not motivate individuals to push beyond expected outcomes, but if target is accomplished, it implies the system has worked, everyone is pleased, and the business proceeds as usual." Managing by exception involves a dash of adventure or risk-taking, fresh viewpoints, or cutting-edge techniques. It is congruent with needs-driven cultural transformation. In conclusion, passive management by exception includes little communication, a lack of confidence, maintaining the status quo, and worker trust.

Management by Exception (Passive) - This kind of transactional leadership does not specify agreements and does not establish performance standards for employees. Before taking action, a leader could wait for things to become out of hand (Bass B. M., Avolio, Jung, & Berson, 2003).

2.7.1 Transactional Leadership and Organizational Innovation

According to Bass B. (1985), transactional leadership behavior establishes the foundation for leaders and followers to accomplish predefined objectives, bargain agreements, specify roles, and provide incentives and recognition for going above and beyond expectations. The transactional leadership style provides rewards, recognition, or trade to followers when they fulfill leaders' expectations and specified work objectives and goals (Bass B., 1993).

A transactional approach used by leaders increases the likelihood that followers will be encouraged to participate in corporate ideation activities (Jansen, Vera, & Crossan, 2009). In order to support staff proposals for improving the company's current offers in terms of goods, services, and other categories, the transactional leadership style encourages efficiency and quality. Additionally, in institutionalized environments, a leader who demonstrates transactional conduct might be appropriate for ideation programs, which focus more on controlling fresh ideas than managing old ones. For an organization to enhance, support, or benefit from its current processes and memory resources, efficiency and uniformity are most helpful (Vera, D. and Crossan, M, 2004).

2.8 Autocratic Leadership

An authoritarian boss makes all of the decisions as a manager. According to a contemporary definition, autocratic leadership is defined as one dominating leader controlling all decision-making and direction (Hoogh & colleagues, 2015).

Autocratic leadership may have a beneficial or bad effect on a team's performance. Experts should use caution while using this kind of leadership. When team members accept the hierarchy that the leader imposes, autocratic leadership can enhance psychological safety and enhance team performance (de Hoogh et al., 2015). However, when team members challenge the hierarchy, autocratic leadership negatively impacts the team's performance (de Hoogh et al., 2015).

When faced with a deadline, professionals typically treat their subordinates more authoritarian. Employees may experience increased stress at work and worsening health as a result (Briker, Walter & Cole, 2020). In order to avoid authoritarian leadership styles that are harmful to the team's effectiveness, professionals must be able to identify when they are under pressure to complete a task fast.

When they lack confidence in their own abilities, employees are more drawn to authoritarian leaders (Rast, Hogg & Giessner, 2013). When employees have strong feelings about their role in the firm and about themselves, they are more open to a non-autocratic CEO (Rast et al., 2013). According to Rast et al. (2013), workers who lack confidence in themselves appear to expect their group facilitator to act in an authoritarian manner.

Authoritarian leadership and transactional leadership are viewed as similar. This suggests that followers must submit to the strong leader in order to receive rewards. Followers' capacity to grow in the organizations is thus limited since they only finish the tasks that are required of them. These are usually quick activities that don't involve much deep thinking or creativity. Transactional leadership generally prohibits passive management, while authoritarian leadership makes an exception for it (Northouse, 2007).

2.8.1 Autocratic Leadership and Organizational Innovation

The positional authority of a leader is related to autocratic leadership. According to Chiaburu, D. et al. (2013), autocratic leadership is characterized by behaviors intended to actively shape a subordinate's work by outlining expectations and requiring obedience to commands.

According to Somech (2006), authoritarian leaders give their followers "a framework for decision making and conduct in keeping with the superior's worldview." There is evidence in the book *Investigations into Innovation* to support the special advantages of authoritarian leadership for a

variety of innovation-related objectives. When authoritarian leadership creates clear standards, it works best.

2.9 Laissez-Faire Style

Laissez-faire Fair does not participate in the day-to-day operations of the organization. This leadership style is hard to defend unless the followers are highly qualified and driven professionals, like scientists. "The group makes all of the choices; leaders should delegate this authority" (Mondy & Premeaux, 1995).

According to Osborn (2008), laissez-faire is a notion that "abdicates obligations and avoids making judgments." According to Bartol and Martin (1994), a leader that uses this behavioral style would typically grant the group all the freedom they need, provide the resources they need, participate in question-and-answer sessions exclusively, and make no remarks.

The concept of laissez-faire leadership is universal, despite the fact that the aforementioned writers have different conceptions of it. According to the authors, executives that adopt this strategy typically don't want to be involved in making decisions. They typically let their subordinates to make their own decisions on what is best..

2.10 Innovation in Enterprises

When it comes to the rate of innovation, small and medium-sized enterprises are said to have some advantages over huge firms. Big businesses tend to avoid risk and don't engage in high-risk operations to the same extent as smaller businesses. Big companies usually come up with gradual advancements that rely on current technology, while innovative ideas are more likely to come from smaller companies. This fear of taking risks usually leads to careful decision-making, which reduces the possibility of looking into new and unusual concepts (Teece, 2002).

Smaller businesses invest much less in training than larger businesses do, have a higher rate of early exits and entrances, and are less flexible when it comes to letting staff members take advantage of learning and development opportunities. They cannot afford to pay for their employees' time off for training and development because of their small size (Grey & Mabey, 2005).

Research findings suggest that SMEs are becoming more creative in their work. This could be due, in part, to small enterprises' lack of the resources needed to develop and release new products onto the market. To get these resources, they frequently need to collaborate with more established organizations (Vrande et al., 2009).

2.11 Empirical Literature Review

2.11.1 Transformational Leadership and Organizational Innovation Performance

In accordance with Peterson, Walumbwa, Byron, & Kris & Carey (2009), transformational leaders actively imagine the best possible futures for their companies, aim to boost workers' self-esteem by assisting them in realizing their potential, communicate to staff members the attainable mission and vision of the company, and collaborate with staff members to identify needs and find solutions to meet them.

The idea that employees would be more inventive and creative under transformative leadership has a lot of merit. First of all, transformational leaders actively engage followers' own value systems in order to move beyond just exchange contractual agreements for desired performance (Bass et al., 2003).

Mumford et al. (2002) discovered that in a big R&D company, the performance of R&D project teams is positively impacted by transformational leadership. Performance was assessed according to the degree to which supervisors valued inventiveness among subordinates and the degree to which their innovative approach enhanced the tasks they completed. When combined, these earlier research have offered a solid theoretical foundation for the hypothesis that people who follow transformative leaders will be more creative. However, they frequently concentrate mostly on subjective elements and the individual leadership role.

Si and Wei (2011) demonstrated that the atmosphere of team empowerment moderated the link between creative performance of subordinates and transformational leadership; that is, the relationship is greater when the climate of team empowerment is low than when it is high. As a result, transformational leadership increased employee creative performance in low-empowerment situations while decreasing it in high-empowerment environments.

2.11.2 Transactional Leadership and Organizational Innovation Performance

Lee (2008) reported that 201 research and development (R&D) specialists were employed by two firms. Innovation was measured using the Kirtons' 1976 adaptive Innovation Inventory (KAI). When solving problems on a scale from adaptable to creative, it distinguishes between two cognitive styles: creative and adaptable. Because of the negative association that was found, he concluded that transactional leadership stifles innovation.

Si and Wei (2011) investigated the link between employees' creative performance and transactional leadership in an environment of empowerment. In a highly empowered workplace, there is greater employee trust, increased information flow, greater transparency on team goals, and less supervisory control exercised by management. The results, which increase intrinsic motivation and promote creative engagement, include greater respect, 13 self-determinations, a better sense of shared values, and a more tranquil work environment.

It seems as though the findings of Si and Wei (2011) and Pieterse et al. (2010) contradict with one another. Pieterse et al. (2010) discovered that when working in an environment with high psychological empowerment, employees are more likely to feel that way. It follows that one would expect highly empowered employees to perceive high transactional leadership as controlling and demoralizing, which would cause people to become less motivated.

Conversely, Si and Wei (2011) hypothesized and found that strong transactional leadership has positive effects on employee inventiveness in high-empowerment environments and negative effects in low-empowerment environments. They argued that the highly empowered work environment will enable employees' enthusiasm and self-determination to bridge the gap created by transactional leaders' negative impact on the creative output of their subordinates. Both ideas make sense, even though the outcomes seem to contradict one other.

2.12 Conceptual Framework

Because of its complexity and relevance, it is difficult to overstate the value of leadership or its influence on innovation, even though different academics have given it different definitions. Some definitions of leadership state that it just entails conversing with individuals under your supervision. It had also been described as a tactic for persuading others to take a specific activity.

A person's characteristics, abilities, actions, and qualities all work together to form their leadership style.

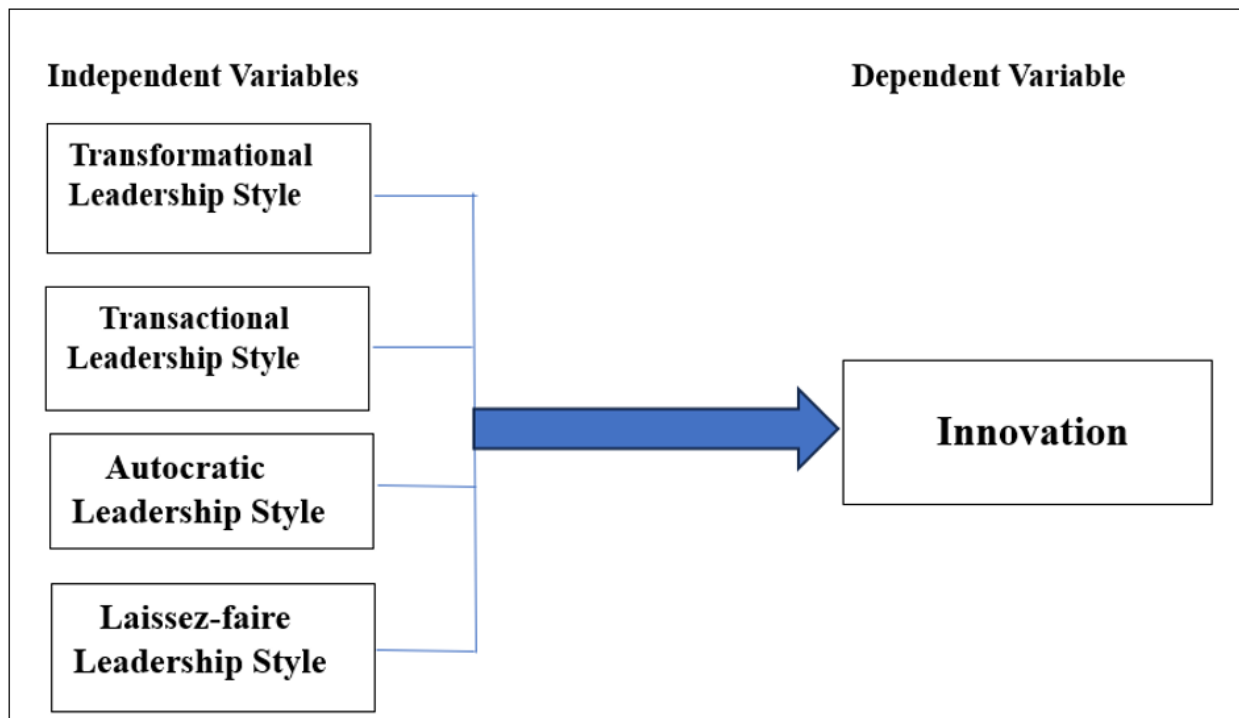


Figure-1: conceptual framework of the study

Source:- Modified by author

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This section goes into great length on the methods used to collect the data required for the study. It addresses the study's design, the target population and sample plan, the kind and source of data,

how the data is presented, analyzed, and interpreted, as well as any ethical issues raised by the research.

3.2 Research Design and Approach

The main objective of this study is to look into how innovation in a medium printing enterprise is influenced by leadership. Research approach refers to the overarching strategy or plan that guides the researcher's methodology in conducting a study. It encompasses the principles, methods, and procedures used to collect and analyze data to address research questions or hypotheses effectively. The choice of research approach largely depends on the nature of the research questions and the type of data needed to answer them. To achieve this, the study employed quantitative approach it focuses on quantifying relationships, variables, and phenomena through numerical data.

The study was applied a descriptive research design. Descriptive research design is a type of research design that aims to describe the characteristics of a population or phenomenon being studied. It focuses on answering questions such as "what," "who," "where," and "how many." Unlike experimental designs which seek to establish cause-and-effect relationships, descriptive designs are primarily concerned with providing a snapshot or portrayal of a situation as it naturally occurs.

3.3 Source and Type of Data

The sources of data gathered have been both primary and secondary sources. Primary data is provided by company employees through survey questionnaires. Secondary sources will be enterprise internal resources, such as strategy documents but not exclusively.

3.4 Target Population and Sampling

The population target of the study comprises of expert-level employees of Berhanena Selam enterprises. A total of 403 workers makes up the study group.

3.4.1 Sample Size

The sample size for this study was determined using the Yamane (1967) formula, which resulted in 200 respondents. The sample size is computed using the following formula:

$$n = \frac{N}{1+N(e^2)}$$

Where n is the sample size, N is the population size, 1 is the constant and e² is the margin of error, which is 5% for 95% confidence level.

$$n = \frac{403}{1+403(0.05^2)} = 200$$

The sample was divided into three strata using the stratified random sampling technique (upper, medium, and lower-level professionals or experts). Simple random sampling was used to identify the respondents from each stratum, ensuring that each respondent had an equal chance of being chosen to take part in the study.

Table: -1 Sample size distribution

Population Characteristics	Total Population	Total Population
Higher Professional	29	14
Professional	133	66
Lower Professional	241	120
Total	403	200

Source (Berhanena Selam printing enterprise, 2024)

3.5 Data analysis

In order to assess the data gathered from respondents via a survey, descriptive and inferential statistics were utilized. The respondent's history is described by the descriptive statistical analysis, together with the elements influencing customer loyalty. In statistical analysis, the relationship between variables referred to be autonomous and dependent is examined using regression and correlation analysis. The researcher employed the statistical package for social science (SPSS) version 22 software for these types of analysis.

3.6 Validity and Consistency

Reasonability establishes if the measuring tool accurately captures the desired amount or the validity of the study findings. To ensure validity, a study of relevant literature and the basis of earlier research questionnaires were used in the development of the questionnaires.

Internal consistency measurements known as reliability measures draw attention to item responses that are consistent between components and show scores that do not change throughout the course of the exam (Creswell, 2009). To assess the instrument's dependability, its consistency was assessed along the journey using a Cronbach's coefficient alpha of 0.70. Additionally, the measure's item internal dependability becomes more dependable when the Cronbach's alpha number approaches 1.0.

Table 3.2 Reliability Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
AUTHORITATIVE	26.66	9.709	.565	.808
LAISESFAIR	26.57	8.362	.733	.781
TRANSFORMATIONAL	26.59	11.029	.170	.852
TRANSACTIONAL	27.35	12.220	-.174	.857
RESOURCE	26.66	8.284	.824	.768
PROCESS	26.58	8.420	.805	.772
ORGANIZATIONAL CULTURE	26.60	8.509	.778	.776
OPERATIONAL INTELLIGENCE	26.57	8.717	.515	.821

Source: - (Survey result, 2024)

To assess the internal consistency of the variables in this research tool, the Cronbach's alpha coefficient was found. When a questionnaire that was modified and created from research was assessed using SPSS version 22, the Cronbach's alpha coefficient was found to be above 0.700. This suggests that further analysis of the data may be possible.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1 Introduction

This chapter offers a description of the data obtained, along with the analysis and conclusions of the research project. 169 (84.5%) of the 200 surveys that the researcher sent out were returned. Both interpretative and descriptive data analysis methods are covered in this chapter. First, a synopsis of the demographics and general habits of the respondents who took part was given. Additionally, Likert Scale items and factors pertaining to innovation and leadership styles were evaluated using descriptive statistics. To accomplish the goals of the investigation and assess the hypothesis, a variety of inferential statistics were employed. In order to test the hypothesis and achieve the study's objective of analyzing the impact of leadership styles, multiple regression analysis was used.

4.2 Descriptive Analysis

4.2.1 Respondents Demographic Profile

The research participants disclose variations in their biographical data as well as disparities in their responses about leadership styles and how this affects employee innovation. These distinctions are confirmed in the following discussion. Table 4.1 below shows the demographic profile of the respondents who participated in this survey.

Table 4.1: Respondents demographic profile

		Male		Female	
		N	%	N	%
Management	50 years and above	0	0.0%	0	0.0%
	40- 49 years	0	0.0%	0	0.0%
	30-39 years	0	0.0%	0	0.0%
	Below 30 Years	0	0.0%	0	0.0%
Non-management	50 years and above	13	7.7%	4	2.4%
	40- 49 years	52	30.8%	25	14.8%
	30-39 years	34	20.1%	16	9.5%
	Below 30 Years	22	13.0%	3	1.8%

Source: - (Survey result, 2024)

According to Table 4.1, the largest age group of men who responded were 30.8% of those who were between the ages of 40 and 49 and had non-management positions. Similar to the female respondents, 14.8% of the respondents were in non-management positions and ranged in age from 40 to 49.

Table-4.2: Service year of employee

	Male	Female
	Mean	Mean
How long (years) have you been working for Berhanena Selam Printing Enterprise?	4	4

Source: (Survey result, 2024)

Table 4.2 shows that the average service year at Berhanena Selam Printing company was four years for both male and female respondents.

4.2.2 Descriptive Analysis of Leadership Styles

The mean and standard deviation of the participants have been calculated in order to assess the impact of leadership styles on employee innovation. The analysis's conclusion is shown in table 4.2 below.

4.2.1: - Transformational Leadership

	N	Mean	Std. Deviation
My manager shows confidence in their ideas, convictions, and innovation principles.	169	4.16	.868
My manger explains what our Innovations' main goal is.	169	3.91	.840
My manager discusses how we may overcome obstacles to creativity by having mutual trust.	169	3.91	.826
In our creative work, my manager stresses the need of having a shared sense of purpose.	169	3.86	1.014
My supervisor takes into account the moral and ethical ramifications of our ideas.	169	3.96	.837
My manager stands up on challenging problems related to innovation.	169	3.99	.900
My manager acts in a manner that is compatible with the creative ideals that they have stated.	169	4.00	.816
Idealized Influence (II)	169	3.97	0.872
My manager has high expectations for innovation.	169	3.93	.753
My manager sees lots of fascinating, creative possibilities.	169	3.79	.931
My manager sees lots of fascinating, creative possibilities.	169	3.92	.812
My manager is passionate about completing the tasks at hand.	169	3.97	.812
My manager says he or she is confident we'll meet our creative objectives.	169	3.89	.707
My manager has a positive outlook on our innovation's future.	169	4.13	.842
My manager presents an innovative and captivating future vision.	169	3.92	.820
Inspirational Motivation (IM)	169	3.94	0.811
My manager supports me in voicing my original thoughts and viewpoints.	169	3.89	.702
My manager challenges the conventional methods of doing things.	169	3.80	.729
My manager stresses the need of challenging presumptions.	169	3.90	.864
My manager questions the appropriateness of key assumptions by reexamining them.	169	3.80	.984
My manager approaches problem-solving by considering other viewpoints.	169	3.78	.696
My manager makes fresh suggestions for how we approach our work.	169	3.92	.820
My manager encourages me to approach issues from several perspectives.	169	3.88	.818

In order to solve common challenges, my manager promotes innovative concepts.	169	3.87	.821
Intellectual Simulation (IS)	169	3.85	0.804
As an individual not simply a group member, I am treated with respect by my manager.	169	4.08	.820
My manager helps me to enhance my creative abilities.	169	3.88	.757
My manager views everyone of us as unique people with unique needs, capacities, and goals.	169	3.86	.823
Individual Consideration (IC)	169	3.94	0.800

Source: (Survey result, 2024)

Scale: < 1.80 Strongly Disagree, between 1.81 and 2.60 Disagree, between 2.61 to 3.40 Moderately agree, between 3.41 to 4.20 Agree and > 4.21 Strongly agree (Chanwaiwit P., 2019)

Table 4.2.1 above displays the mean score and standard deviation of respondents for each item. The lowest score is $X = 3.86$ with $SD = 1.014$, while the highest score is $X = 4.16$ with $SD = 0.868$. The average mean score for awareness was $X = 3.97$ with $SD = 0.872$. This implies that a manager's notion has an impact on a worker's creativity.

As seen in Table 4.2.1 above, the mean score and standard deviation of respondents for each question range from the lowest, $X = 3.79$ with $SD = 0.931$, to the highest, $X = 4.13$ with $SD = 0.842$. According to the average mean score of $X = 3.94$ with $SD = 0.811$, managers encourage and inspire their employees.

Table 4.2.1 above displays the mean score and standard deviation of respondents for each item. The lowest score is $X = 3.78$ with $SD = 0.696$, while the highest score is $X = 3.92$ with $SD = 0.820$. The average mean score for consciousness was $X = 3.85$ with $SD = 0.804$. This indicates that the respondents were in agreement that their managers ought to create an environment that motivates them to apply their mental simulation to generate more innovative ideas.

As can be seen in Table 4.2.1 above, the mean score and standard deviation of respondents for each question range from the lowest, $X = 3.86$ with $SD = 0.823$, to the highest, $X = 4.08$ with $SD = 0.820$. The average mean score for awareness was $X = 3.94$ with $SD = 0.800$. This finding implies that personal concern had a favorable effect on employee creativity.

4.2.2: - Transactional Leadership

	N	Mean	Std. Deviation
My manager provides praise and incentives for those who accomplish creative aims.	169	4.07	.818
My manager draws attention to the opportunities that others have for their creations.	169	3.91	.758
In exchange for my innovative work, my management gives me support.	169	3.91	.778
My manager discusses in specific terms who is responsible for achieving performance targets	169	4.01	.890
Contingent Reward (CR)	169	3.97	0.811
As long as things are working, my manager does not try to change how we go about our innovation.	169	2.08	.719

My manager informs me of the requirements we must meet in order to complete our creative task.	169	2.08	.886
My manager focuses attention on irregularities, mistakes, exceptions, and deviations from innovation standards	169	2.08	.779
Management by exception (MBE)	169	2.08	0.795

Source: (Survey result, 2024)

Scale: < 1.80 Strongly Disagree, between 1.81 and 2.60 Disagree, between 2.61 to 3.40 Moderately agree, between 3.41 to 4.20 Agree and > 4.21 Strongly agree (Chanwaiwit P., 2019)

Table 4.2.2 above shows that for each item, the respondents' mean score and standard deviation range from the lowest, $X = 3.91$ with $SD = 0.758$, to the highest, $X = 4.07$ with $SD = 0.818$. $X = 3.97$ with $SD = 0.805$ was the average mean score. This suggests that the benefits for contingency drive them to innovate more.

The mean score and standard deviation of the respondents for each item are shown in Table 4.2.2 above. $X = 2.08$ with $SD = 0.719$ is the lowest score, and $X = 2.08$ with $SD = 0.886$ is the highest. With $SD = 0.795$, the average mean score was $X = 2.08$. This research implies that management by exception decreases employees' capacity for innovation.

4.2.3: - Authoritative Leadership

	N	Mean	Std. Deviation
My manager believes that workers need to be closely monitored in order to be able to conduct their creative job.	169	3.91	.840
Generally speaking, my management believes that employees should be rewarded or disciplined for meeting innovation targets.	169	3.79	.931
My manager feels that most employees are either too indolent or not creative enough.	169	3.86	1.014
AUTHORITATIVE LEADERSHIP	169	3.85	0.928

Source: (Survey result, 2024)

Scale: < 1.80 Strongly Disagree, between 1.81 and 2.60 Disagree, between 2.61 to 3.40 Moderately agree, between 3.41 to 4.20 Agree and > 4.21 Strongly agree (Chanwaiwit P., 2019)

Table 4.2.3 above displays the mean score and standard deviation of respondents for each item. The lowest score is $X = 3.79$ with $SD = 0.931$, while the highest score is $X = 3.91$ with $SD = 0.840$. $X = 3.85$ was the average mean score, with a standard deviation of 0.928. This implies that respondents to the survey felt that when given authoritative leadership, workers are more creative.

4.2.4: - Laissez-faire Leadership

	N	Mean	Std. Deviation
My manager permits me to assess my own Innovations as a norm.	169	3.89	.748
My manager gives me whole freedom to solve problems on my own	169	4.01	.886
In overall, my manager traces it's best to promise assistants alone	169	3.91	.778
LAISSEZ FAIRE LEADERSHIP	169	3.94	0.804

Source: (Survey result, 2024)

Scale: < 1.80 Strongly Disagree, between 1.81 and 2.60 Disagree, between 2.61 to 3.40 Moderately agree, between 3.41 to 4.20 Agree and > 4.21 Strongly agree (Chanwaiwit P., 2019)

Table 4.2.4 above displays the mean score and standard deviation of respondents for each item. The lowest score is $X = 3.89$ with $SD = 0.748$, while the highest score is $X = 4.01$ with $SD = 0.886$. The average mean score, or $X = 3.94$, with a standard deviation of 0.804. This implies that a laissez-faire leadership style fostered staff creativity.

4.2.5: - Innovation

	N	Mean	Std. Deviation
There is time to mirror on novel ideas and answers	169	3.92	.767
When solving a given tricky, the best answer is always sought after	169	3.84	.727
Appropriate tools are obtainable to inspect innovation act inside our enterprise	169	3.92	.862
There are rules or outlines to guide and care work with in our origination	169	3.80	.796
Relevant events are obtainable to switch innovation act inside our enterprise.	169	3.79	.788
RESOURCES	169	3.85	0.788
There are continuing efforts from the enterprise to generate an inventive and innovative environment	169	3.86	.809
There are clear incentives for employees to manner novelty in the enterprise	169	3.87	.799
Innovative professional chances and copies, outside of the current customer offerings, are uninterruptedly discovered	169	3.95	.811
Innovative ideas are organized in product development	169	4.09	.762
Decision-makers are able to detect original value in thoughts of a radical nature	169	3.90	.753
PROCESSES	169	3.93	0.787
Staffs with skill and wish to inform have the scope to do so	169	3.83	.748
There is independence in the development procedure to come up with novel explanations	169	3.92	.790
Innovation is administered by management proficiencies	169	3.91	.770
Innovation is ruled by encouragements to follow it	169	3.93	.757
The whole procedure from idea examination to commercialization is clearly organized and allows invention	169	3.98	.786
ORGANIZATIONAL CULTURE	169	3.91	0.770
The enterprise is concerned in invention	169	3.89	.759
Management understands their role in enabling innovation	169	3.82	.759
Management uses suitable tools and procedures to switch and assess innovation efforts	169	3.95	.851
The enterprises' suspected competitive rewards are derivative from a proper consciousness of the market and what resources are competitive	169	4.09	2.304
INNOVATION COGNITION	169	3.94	1.168

Source: (Survey result, 2024)

Scale: < 1.80 Strongly Disagree, between 1.81 and 2.60 Disagree, between 2.61 to 3.40 Moderately agree, between 3.41 to 4.20 Agree and > 4.21 Strongly agree (Chanwaiwit P., 2019)

The mean score and standard deviation of the respondents for each item are shown in Table 4.2.5 above. The greatest score, $X = 3.92$ with $SD = 0.862$, is higher than the lowest, $X = 3.79$ with $SD =$

0.788. The average mean score was $X = 3.85$ with $SD = 0.788$. This demonstrates that employees have access to enough resources to foster their creative potential.

The mean score and standard deviation of the respondents for each item are shown in Table 4.2.5 above. The greatest score, $X = 4.09$ with $SD = 0.762$, is higher than the lowest, $X = 3.86$ with $SD = 0.809$. With a standard deviation of 0.787 and a mean score of $X = 3.93$, the data suggests that the companies may have put in place policies that encourage employee creativity.

The mean score and standard deviation of the respondents for each item are shown in Table 4.2.5 above. With an SD of 0.748, the lowest score was $X = 3.83$, and the highest value was $X = 3.98$ with an SD of 0.786. The average mean score was $X = 3.91$ with $SD = 0.770$. This demonstrates that the respondents agreed that organizational culture encouraged employee innovation.

The mean score and standard deviation of respondents for each item range from the lowest, $X = 3.82$ with $SD = 0.759$, to the highest, $X = 4.09$ with $SD = 2.304$, as shown in Table 4.2.5 above. With an SD of 1.168, the average mean score was $X = 3.94$. This result suggests that employee innovation benefited from innovation cognition.

4.3 Inferential Statistics /Analysis/

The following procedures were followed to ensure that the data met the regression analysis's presumptions before using it:

4.3.1 Multicollinearity Test

A multicollinearity test is required to ascertain whether or not the independent variables in a pattern are related once the regularity of the statistics in the regression pattern has been seen. The results and the correlations among the independent variables are strongly correlated. In addition, a multicollinearity study was carried out to investigate the influence of leadership tactics on employee innovation. Regression models that are appropriate should not show multicollinearity or any relationship to the independent variables. Investigating multicollinearity as the basis for the results' VIF value:

1. If the VIF values lies 1-10, then there is no multicollinearity.
2. If the VIF < 1 or >10, then there is multicollinearity.

Table 4.6 below demonstrates that the model either satisfies the condition or there is no multicollinearity issue for both the top (1.663) and bottom (1.811) borders of the VIF findings.

4.3.2 Correlation Analysis

The correlation between two variables indicates the strength of the relationship between them. Correlation coefficients are frequently used to describe data because they are relatively easy to use and may convey a lot of information in a single number (Mooi & Sarstedt, 2011).

The computed significance of the correlation figure falls between -1 and 1, where a perfect negative relationship (i.e., a perfectly linear relationship) is represented by a value of -1 and a completely positive association by a value of 1. When the correlation coefficient is zero, there is no relationship (Mooi & Sarstedt, 2011).

Table: -4.3 Pearson Correlation

		Authoritative	Laissez-faire	Innovation	Transformational	Transactional
Authoritative	Pearson Correlation	1				
	Sig. (2-tailed)					
Laissez-faire	Pearson Correlation	.532**	1			
	Sig. (2-	.000				

	tailed)					
Innovation	Pearson Correlation	.470**	.771**	1		
	Sig. (2-tailed)	.000	.000			
Transformational	Pearson Correlation	.395**	.028	.079	1	
	Sig. (2-tailed)	.000	.720	.310		
Transactional	Pearson Correlation	.060	-.307**	-.304**	.563**	1
	Sig. (2-tailed)	.438	.000	.000	.000	

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

Source: - (Survey result, 2024)

4.3.2.1 Relationship between Authoritative Leadership and Innovation

The degree of connection between the two variables is moderate, with $r=.470^{**}$. The aforementioned Pearson connection illustrates the significant impact that authoritative leadership has on employees' creativity. According to this research, there is a beneficial correlation between employee inventiveness and authoritative leadership.

4.3.2.2 Relationship between Laissez-faire Leadership and Innovation

Table 4.3 shows a strong positive link between staff innovation and laissez-faire leadership. The value of $r=.771^{**}$ indicates that the two variables have a positive association.

4.3.2.3 Relationship between Transactional Leadership and Innovation

Table 4.3 displays the correlation coefficient ($r = -0.304^{**}$) between the independent and dependent variables. This indicates a negative relationship between employee creativity and transactional leadership.

4.3.3 Regression Analysis

Regression analysis is the scientific measurement of the normal correlation between two or more variables with respect to the different units of the data. The cause and effect of the relationship between the variables are amply demonstrated by regression. In regression analysis, the independent variable is the one that relates to the cause, while the dependent variable is the one that relates to the result.

Checking for Linearity

The regression pattern can be expressed using a linear method. The linearity of the y and x variables can be tested by adjusting the independent variables to contradict the dependent variable (Mooi & Sarstedt, 2011). As illustrated in figure 4.1 below, the relationship between the independent and dependent variables is linear. The purpose of the normality test is to ascertain whether or not the multiple linear regression analysis of the regression model pertaining to employee creativity and leadership styles satisfied the multicollinearity assumption.

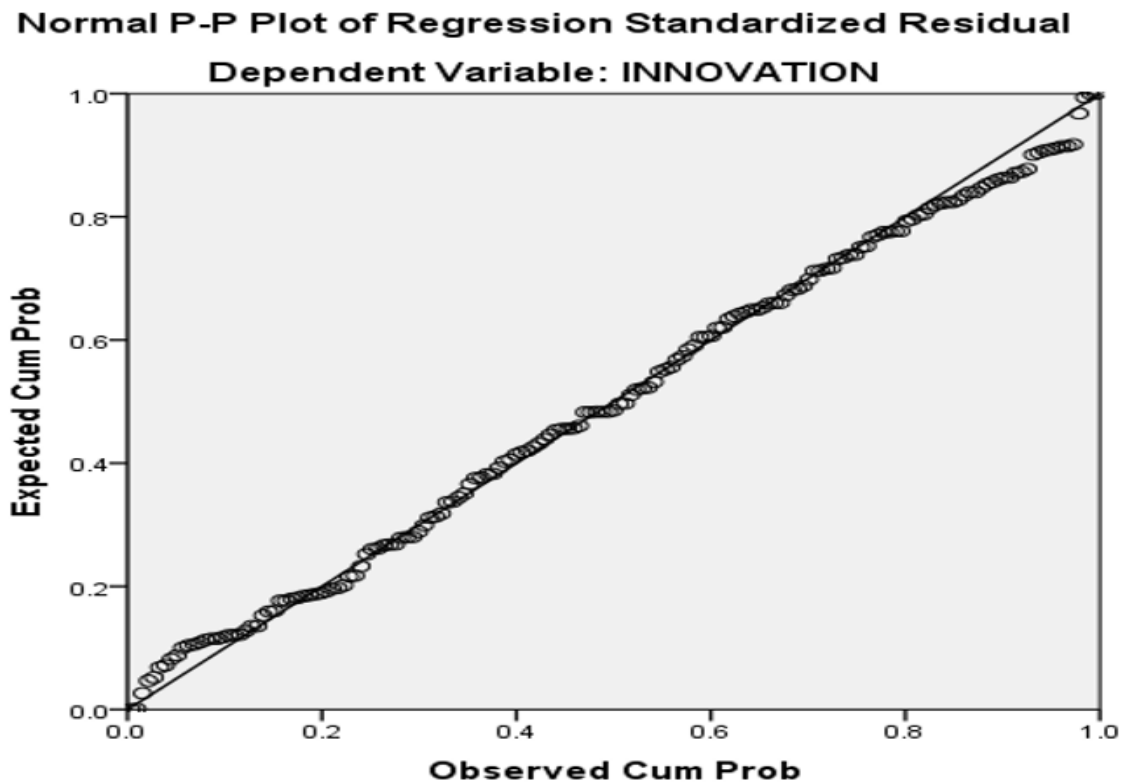


Figure 4.1: - Normality Test Result

The regression model can be used if the data distribution is regular or extremely close to normal. A typical P-P plot graph's regression normalized residual shows that the line is near the diagonal line and travels along its course.

Regression Model Summary

Multiple linear regression analysis has been done to evaluate the impact of leadership styles on staff inventiveness. The study utilized the degree of innovation as the major variable and the underlying reasons of innovation as the secondary factors. The R-squared summary of the

regression model's results (see table 4.4) indicated the extent to which the innovation determinant factors accounted for the variation in the innovation measure. This resulted in the model's coefficient of determination, or R², which shows that 0.618 of the variation in the measurement (innovation) function can be explained by authoritative, transformational, transactional, and laissez-faire leadership styles. Conversely, a R square of 0.618 indicates that an explanatory variable has a 61.8% influence on the dependent variable. 38.2% of the remaining influence on innovation was due to other causes.

Table 4.4: Summary of linear regression result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.786 ^a	.618	.608	.386	.618	66.233	4	164	.000

a. Predictors: (Constant), TRANSACTIONAL, AUTHORITATIVE, LAISESFAIR, TRANSFORMATIONAL

Source: - (Survey result, 2024)

F-test for Innovation

The ANOVA table presents the degree of significance, with each predictive variable's relationship to the underlying reasons of innovation compared to an alpha value of 0.05. The significance of an item's acceptability is indicated in (Table 4.5). Nonetheless, the results in the table demonstrated that the independent variable significantly impacted innovation, and this was acceptable at a significance level of 0.000, or less than 0.05. This table indicates that F is valued at 66.23. Total the significant 0.000. Given that the probability of this prediction error is less than 0.05, or sig 0.000, and the forecast's confidence level exceeds 95%, we can infer that sig < 0.05 signifies both. Consequently, the relevance of the model was established by its linear connection in multiple regressions, which also indicated that the variation the model explained was not due to chance fluctuation.

Table 4.5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	39.376	4	9.844	66.233	.000 ^b
Residual	24.375	164	.149		
Total	63.751	168			

a. Dependent Variable: INNOVATION

b. Predictors: (Constant), TRANSACTIONAL, AUTHORITATIVE, LAISESFAIR, TRANSFORMATION

Source: - (Survey result, 2024)

Regression Analysis for Innovation

We can see that the degree to which each independent variable influences the dependent variable is that of influence for employee innovation based on their unstandardized beta coefficient values, which point to laissez-faire, transformational, and transactional leadership regarding innovation as the most significant determinant factors of employee innovation. This F-test table also showed a linear relationship between the regression equation model and the data. Put another way, the three explanatory factors have a significant influence on innovation. According to Table 4.6, regression analysis of unstandardized coefficients of Beta and Sig values for the three independent variables revealed that the equivalent values for transactional, transformational, and laissez-faire leadership were (-0.466), (0.142), and (0.571), respectively. The dependent variable (innovation) is significantly influenced by three of the items, with significance values of 0.000, 0.046, and 0.007, respectively. Only one item has a significance level greater than 0.05.

Table 4.6: Innovation Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant)	2.285	.522		4.378	.000		
AUTHORITATIVE	.075	.070	.069	1.074	.285	.572	1.750
LAISSEZ-FAIRE	.571	.052	.677	10.878	.000	.601	1.663
TRANSFORMATIONAL	.142	.070	.131	2.010	.046	.552	1.811
TRANSACTIONAL	-.466	.170	-.174	-2.743	.007	.579	1.726

a. Dependent Variable: INNOVATION

Source: - (Survey result, 2024)

To express the dependent variable (Innovation) and independent variable (laissez-faire, transformational and transactional leadership in mathematical equation)

Let:

Y= Innovation,

X1= Laissez-faire,

X2= Transformational,

X3= Transactional

Therefore, the general relationship is written mathematically as follow:

$$Y_i = 0.571 X_{1i} + 0.142 X_{2i} - 0.466 X_{3i}$$

Discussion of Regression Results

The purpose of this study is to learn more about the factors that propel innovation and to investigate the effects of a select set of explanatory variables on it. The study determined that the explanatory variables of transformational, transactional, and laissez-faire leadership were critical for employee innovation.

Laissez-faire Leadership has a Constructive Effect on Employee Innovation

The findings of the regression analysis show that a laissez-faire leadership style has a considerable positive impact on staff innovation (sig.000). A more laissez-faire leadership style will result in an increase of one unit or 0.571 (with a positive beta value of 0.571) in employee creativity within the enterprise.

Transformational Leadership has a Constructive Effect on Employee Innovation

The inference from regression analysis shows that employee innovation is much increased by transformative leadership (sig.046). Applying or raising one unit of transformational leadership will result in a boost in staff innovation of 0.142 (with a positive beta value of 0.142).

Transactional Leadership has a Negative Effect on Employee Innovation

The outcome of the regression analysis shows that employee innovation is greatly decreased under transactional leadership (sig.007). The ability of the enterprise's workforce to be creative will decrease by 0.466 (with a negative beta value of 0.466) for every unit increase in transactional leadership style.

4.2 Discussions

4.2.1 Effect of Transformational Leadership Style on Innovation

The study found that the leaders of the Berhanena Selam printing company had a strong feeling of conviction about their beliefs and aspirations for innovation. The primary objective of the company's innovative projects was communicated by executives at Berhanena Selam printing operation, as per the survey results. The study also showed that executives at the printing company Berhanena Selam emphasized the importance of having a common goal. These results aligned with the characteristics of transformational leaders. According to Peterson et al. (2009), transformational leaders are people who actively imagine positive future scenarios for their organizations, aim to help staff members realize their potential and build their self-confidence, communicate the company's attainable mission and vision to staff members, and work together to identify needs and find solutions. There is evidence to support the belief that staff members will be more innovative and creative under transformative leadership.

Using multiple regression analysis, it can be concluded that transformational leadership positively impacted organizational innovation at Berhanena Selam printing firm. If managers modeled their leadership more transformation, organizational innovation would perform better. This result answers the research question, "What is the influence of transformational leadership style on innovation in Berhanena Selam printing enterprise? ".

4.2.2 Effect of Transactional Leadership Style on Innovation

Employees that met their goals were rewarded and acknowledged by Berhanena Selam printing company leaders, according to the poll. Leaders usually emphasize the advantages of their accomplishments, the study finds. The Berhanena Selam printing enterprise's leaders properly stated who was responsible for achieving each performance target, according to the survey. The study found that the leadership styles of transactional leaders impeded innovation. These findings contradicted the findings of Jansen et al. (2009), who argued that followers would be inspired to engage in and contribute to corporate ideation initiatives by a transactional leadership style. By praising effectiveness and quality, transactional leadership aims to encourage followers to take part in ideation programs. These initiatives seek suggestions from staff members for improving the company's current offers in terms of goods, services, and practices.

4.2.3 Effect of Laissez-faire Leadership Style on Innovation

The survey indicates that management at the printing company in Berhanena Selam usually allow employees to assess their own work. The poll indicates that management at Berhanena Selam Printing Enterprise provide their employees more freedom to come up with original solutions to problems. The survey also showed that management at Berhanena Selam, a printing company, believe it's a good idea to give their staff members autonomy over their work. The study found that the laissez-faire leadership style had a considerable and positive impact on the organization's innovation.

In summary, multiple regression analysis showed that laissez-faire leadership positively impacted organizational innovation at Berhanena Selam, a printing company. If managers took a more laissez-faire approach to leadership, organizational innovation would perform better inside the company. This outcome answers the research question, "What is the effect of laissez-faire leadership style on innovation in Berhanena Selam printing enterprise?"

CHAPTER FIVE

5. Conclusion and Recommendation

5.1 Introduction

This chapter is organized as follows: an introduction; a summary of the findings; conclusions; and suggestions for improvement and more research in the last section.

5.2 Summary of Findings

The purpose of this study was to ascertain how organizational creativity was impacted by the leadership styles used at Berhanena Selam, a printing company. The study's four main research topics, which are centered on the four leadership philosophies that the theoretical framework produces, were as follows: What effect on innovation does the transformative leadership style of Berhanena Selam's printing company have? What effect does Berhanena Selam's transactional style of leadership have on the printing company's innovation? What effect does a laissez-faire leadership style have on innovation in the printing company owned by Berhanena Selam? What effect does a laissez-faire leadership style have on innovation in the printing company owned by Berhanena Selam?

Data were collected using structured questionnaires, and analysis was done using the Statistical Package for Social Sciences (SPSS). The leadership ideologies were measured using the Multi Factor Leadership Questionnaire, which was developed by Avolio and Bass (1995) and modified for the study's context. Innovation was measured using (Holm & Sjolander, 2015). Descriptive and inferential statistical techniques were used to analyze the data. Inferential statistics were used to assess the relationships and effects in line with the study's theories. Regression analysis and Pearson's correlation were employed. The results were displayed using tables and charts. The findings show that transformational leadership is most commonly demonstrated at Berhanena Selam Printing Enterprise, with transactional and laissez-faire approaches following closely behind. Overall, it was shown that innovation and transformational leadership style scores were significantly positively correlated, and that innovation and characteristics related to laissez-faire leadership style were positively correlated as well. Conversely, there was a negative correlation found between transactional leadership styles and innovation.

5.3 Conclusions

5.3.1 Effect of Transformational Leadership Style on Innovation

The results of the study show that Berhanena Selam successfully and efficiently employs transformational leadership style because of its leaders' capacity to constructively envision the organization's future, actively engage in boosting employees' self-confidence by helping them realize their potential, convey to staff members an achievable mission and vision of the organization's innovation goals, and work together with staff members to identify needs and find solutions. Leaders of enterprises provide ideological defenses that link the personal identities of their followers to the collective identity of the organization. The study also discovers that a transformational leadership style has a considerable and positive influence on Berhanena Selam's inventive performance.

5.3.2 Effect of Transactional Leadership Style on Innovation

According to the study's findings, Berhanena Selam Printing Enterprise employs transactional leadership as a management style. The study comes to the conclusion that the organization's attempts to innovate were positively and significantly impacted by contingent compensation. Innovation was significantly and negatively impacted by management by exception. The study comes to the conclusion that Berhanena Selam Printing Enterprise's innovation suffered greatly from a transactional leadership style.

5.3.3 Effect of Laissez-faire Leadership Style on Innovation

The study reviews indicate that whereas Berhanena Selam Printing Enterprise successfully employs laissez-faire leadership, other businesses do not. Laissez-faire leadership has a positive and significant impact on an organization's ability to innovate, according to the study.

5.4 Recommendations

5.4.1 Effect of Transformational Leadership Style on Innovation

Transformational leadership had a large and positive impact on organizational innovation performance. Therefore, supervisors and leaders alike should acknowledge the importance of transformational leadership and endeavor to use it in order to promote the creation and upkeep of an innovative work environment.

5.4.2 Effect of Transactional Leadership Style on Innovation

According to the study, executives at Berhanena Selam, a printing company, should avoid using a transactional leadership style because it limits the creativity of their staff.

5.4.3 Effect of Laissez faire Leadership Style on Innovation

According to the research, Berhanena Selam Printing Enterprise executives tend to be more laissez-faire in their leadership style. Research indicates that employees who perceive their managers to be noncompliant with policies and procedures are more inclined to promote creativity in their organizations. An organization that practices laissez-faire leadership generates better results from its innovation. To guarantee that this leadership style is applied more frequently, the organization's executives should create policies and training programs.

5.4.4 Investing on Leadership Development Program

Investing in leadership development is not merely a cost but an investment in the future success and sustainability of an organization. By prioritizing the growth and development of its leaders, organizations can build resilience, foster innovation, and maintain a competitive edge in today's dynamic business environment. Therefore, it is recommended that organizations proactively invest in robust leadership development programs to cultivate a strong leadership pipeline and drive organizational excellence.

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APPENDICE-1: Questionnaire

Dear Respondent,

As a master's student at Addis Ababa University, my name is Girma Ali. In order to partially fulfill the requirements for the award of a master's degree in business administration (MBA), I am conducting research on "The Effect of Leadership Styles on Innovation: A Case of Berhanena Selam Printing Enterprise." In light of this, I kindly ask that you take a few moments of your precious time to fill out this questionnaire as completely as possible. Below each section of the questionnaire is a guide. We much appreciate you filling out this questionnaire on time. I have not included names on the questionnaire in order to preserve confidentiality. We will handle your responses with the appropriate level of privacy. Your provided data will only be utilized for the intended purpose, nothing more. Additionally, the findings will only be shown as an aggregate of your responses; no specific result will be linked to a specific respondent.

Yours Sincerely,

Girma Ali

For more information, please contact me on:

Email- contactgirmachew@gmail.com

PART A: Demography

Read all the questions first and choose the appropriate answer for each question. All information will remain confidential and to maintain anonymity, no names are required.

Q1. What is your position in the organization?

1. Higher Professional 2. Medium Professional 3. Lower-level professional

Q2. Gender of respondent

1. Male 2. Female

Q3. Age of respondent

1. 50 years and above 2. 40- 49 years 3. 30-39 years 4. Below 30 years

Q4. How long (years) have you been working for Berhanena Selam Printing Enterprise?

- 1) Less than 1 year 2) 1-3 years 3) 3-5 years
4) 5-10 years 5) Above 10 years

PART B: Leadership Style

You are requested to rate yourself against each statement to indicate your level of agreement with what the statement is suggesting, where the following ratings are:

1 = Strongly Disagree 2 = Disagree 3 = Moderately Agree 4 = Agree 5 = Strongly Agree

Please place a tick (√) or a mark (x) in the cell that represents your appropriate level of agreement

Q.I TRANSFORMATIONAL LEADERSHIP						
1.1 Idealized Influence (II)		1	2	3	4	5
1.1.1	My manager shows confidence in their ideas, convictions, and innovation principles.					
1.1.2	My manger explains what our Innovations' main goal is.					
1.1.3	My manager discusses how we may overcome obstacles to creativity by having mutual trust.					
1.1.4	In our creative work, my manager stresses the need of having a shared sense of purpose.					
1.1.5	My supervisor takes into account the moral and ethical ramifications of our ideas.					
1.1.6	My manager stands up on challenging problems related to innovation.					

1.1.7	My manager acts in a manner that is compatible with the creative ideals that they have stated.					
1.2 Inspirational Motivation (IM)		1	2	3	4	5
1.2.1	My manager has high expectations for innovation.					
1.2.2	My manager sees lots of fascinating, creative possibilities.					
1.2.3	My manager sees lots of fascinating, creative possibilities.					
1.2.4	My manager is passionate about completing the tasks at hand.					
1.2.5	My manager says he or she is confident we'll meet our creative objectives.					
1.2.6	My manager has a positive outlook on our innovation's future.					
1.2.7	My manager presents an innovative and captivating future vision.					
1.3 Intellectual Simulation (IS)		1	2	3	4	5
1.3.1	My manager supports me in voicing my original thoughts and viewpoints.					
1.3.2	My manager challenges the conventional methods of doing things.					
1.3.3	My manager stresses the need of challenging presumptions.					
1.3.4	My manager questions the appropriateness of key assumptions by reexamining them.					
1.3.5	My manager approaches problem-solving by considering other viewpoints.					
1.3.6	My manager makes fresh suggestions for how we approach our work.					
1.3.7	My manager encourages me to approach issues from several perspectives.					
1.3.8	In order to solve common challenges, my manager promotes innovative concepts.					
1.4 Individual Consideration (IC)		1	2	3	4	5
1.4.1	As an individual not simply a group member, I am treated with respect by my manager.					
1.4.2	My manager helps me to enhance my creative abilities.					
1.4.3	My manager views everyone of us as unique people with unique needs, capacities, and goals.					
Q.II TRANSACTIONAL LEADERSHIP						
2.1 Contingent Reward (CR)		1	2	3	4	5
2.1.1	As an individual not simply a group member, I am treated with respect by my manager.					
2.1.2	My manager helps me to enhance my creative abilities.					
2.1.3	My manager views every one of us as unique people with unique needs, capacities, and goals.					
2.1.4	My manager discusses in specific terms who is responsible for achieving performance targets					
2.2 Management by exception (MBE)		1	2	3	4	5
2.2.1	As long as things are working, my manager does not try to change how we go about our innovation.					
2.2.2	My manager informs me of the requirements we must meet in order to complete our creative task.					
2.2.3	My manager focuses attention on irregularities, mistakes, exceptions, and deviations from innovation standards					
Q. III AUTHORITATIVE LEADERSHIP		1	2	3	4	5
3.1	My manager believes that workers need to be closely monitored in order to be able to conduct their creative job.					
3.2	Generally speaking, my management believes that employees should be rewarded or disciplined for meeting innovation targets.					
3.3	My manager feels that most employees are either too indolent or not creative enough.					

Q. IV LAISSEZ FAIRE LEADERSHIP		1	2	3	4	5
4.1	My manager permits me to assess my own Innovations as a norm.					
4.2	My manager gives me whole freedom to solve problems on my own					
4.3	In overall, my manager traces it's best to promise assistants alone					

Source: Developed based on Bass and Avolio (1992)

PART C: INNOVATION

C-1 RESOURCES		1	2	3	4	5
C-1.1	There is time to mirror on novel ideas and answers					
C-1.2	When solving a given tricky, the best answer is always sought after					
C-1.3	Appropriate tools are obtainable to inspect innovation act inside our enterprise					
C-1.4	There are rules or outlines to guide and care work with in our origination					
C-1.5	Relevant events are obtainable to switch innovation act inside our enterprise.					
C-2 PROCESSES		1	2	3	4	5
C-2.1	There are continuing efforts from the enterprise to generate an inventive and innovative environment					
C-2.2	There are clear incentives for employees to manner novelty in the enterprise					
C-2.3	Innovative professional chances and copies, outside of the current customer offerings, are uninterruptedly discovered					
C-2.4	Innovative ideas are organized in product development					
C-2.5	Decision-makers are able to detect original value in thoughts of a radical nature					
C-3 ORGANIZATIONAL CULTURE		1	2	3	4	5
C-3.1	Staffs with skill and wish to inform have the scope to do so					
C-3.2	There is independence in the development procedure to come up with novel explanations					
C-3.3	Innovation is administered by management proficiencies					
C-3.4	Innovation is ruled by encouragements to follow it					
C-3.5	The whole procedure from idea examination to commercialization is clearly organized and allows invention					
CINNOVATION COGNITION/OPERATIONAL INTELLIGENCE		1	2	3	4	5
C-4.1	The enterprise is concerned in invention					
C-4.2	Management understands their role in enabling innovation					
C-4.3	Management uses suitable tools and procedures to switch and assess innovation efforts					
C-4.4	The enterprises' suspected competitive rewards are derivative from a proper consciousness of the market and what resources are competitive					

Source: Developed based on Holm and Sjolander (2015)

APPENDIX-2: Reliability Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
My manager shows confidence in their ideas, convictions, and innovation principles.	213.57	446.734	0.620	0.923
My manger explains what our Innovations' main goal is.	213.83	455.929	0.379	0.925
My manager discusses how we may overcome obstacles to creativity by having mutual trust.	213.83	448.929	0.590	0.923
In our creative work, my manager stresses the need of having a shared sense of purpose.	213.88	457.729	0.265	0.926
My supervisor takes into account the moral and ethical ramifications of our ideas.	213.77	449.357	0.568	0.923
My manager stands up on challenging problems related to innovation.	213.75	448.846	0.54	0.923
My manager acts in a manner that is compatible with the creative ideals that they have stated.	213.73	449.423	0.582	0.923
My manager has high expectations for innovation.	213.8	451.158	0.579	0.923
My manager sees lots of fascinating, creative possibilities.	213.94	452.401	0.428	0.924
My manager sees lots of fascinating, creative possibilities.	213.82	451.758	0.516	0.924
My manager is passionate about completing the tasks at hand.	213.76	449.003	0.598	0.923
My manager says he or she is confident we'll meet our creative objectives.	213.84	453.135	0.551	0.924
My manager has a positive outlook on our innovation's future.	213.6	449.491	0.561	0.923
My manager presents an innovative and captivating future vision.	213.82	452.77	0.481	0.924
My manager supports me in voicing my original thoughts and viewpoints.	213.85	453.821	0.532	0.924

My manager challenges the conventional methods of doing things.	213.93	453.276	0.53	0.924
My manager stresses the need of challenging presumptions.	213.83	450.318	0.523	0.924
My manager questions the appropriateness of key assumptions by reexamining them.	213.93	451.852	0.416	0.924
My manager approaches problem-solving by considering other viewpoints.	213.96	454.98	0.497	0.924
My manager makes fresh suggestions for how we approach our work.	213.82	452.77	0.481	0.924
My manager encourages me to approach issues from several perspectives.	213.86	452.265	0.497	0.924
In order to solve common challenges, my manager promotes innovative concepts.	213.86	450.821	0.538	0.923
As an individual not simply a group member, I am treated with respect by my manager.	213.65	451.955	0.505	0.924
My manager helps me to enhance my creative abilities.	213.86	455.42	0.440	0.924
My manager views every one of us as unique people with unique needs, capacities, and goals.	213.87	452.566	0.485	0.924
As an individual not simply a group member, I am treated with respect by my manager.	213.67	453.723	0.455	0.924
My manager helps me to enhance my creative abilities.	213.83	457.833	0.365	0.925
My manager views every one of us as unique people with unique needs, capacities, and goals.	213.82	452.933	0.504	0.924
My manager discusses in specific terms who is responsible for achieving performance targets	213.73	452.378	0.451	0.924
As long as things are working, my manager does not try to change how we go about our innovation.	215.65	486.99	-0.544	0.93
My manager informs me of the requirements we must meet in order to complete our creative task.	215.66	489.012	-0.499	0.931
My manager focuses attention on irregularities, mistakes, exceptions, and deviations from innovation standards	215.66	485.667	-0.467	0.930
My manager believes that workers need to be closely monitored in order to be able to conduct their creative job.	213.83	455.929	0.379	0.925
Generally speaking, my management believes that employees should be rewarded or disciplined for meeting innovation targets.	213.94	452.401	0.428	0.924
My manager feels that most employees are either too indolent or not creative enough.	213.88	457.729	0.265	0.926
My manager permits me to assess my own Innovations as a norm.	213.84	454.587	0.473	0.924
My manager gives me whole freedom to solve problems on my own	213.72	452.476	0.45	0.924
In overall, my manager traces it's best to promise assistants alone	213.82	452.933	0.504	0.924
There is time to mirror on novel ideas and answers	213.82	451.924	0.543	0.924
When solving a given tricky, the best answer is always	213.89	453.679	0.518	0.924

sought after				
Appropriate tools are obtainable to inspect innovation act inside our enterprise	213.82	452.055	0.476	0.924
There are rules or outlines to guide and care work with in our origination	213.93	451.007	0.55	0.923
Relevant events are obtainable to switch innovation act inside our enterprise.	213.95	450.92	0.558	0.923
There are continuing efforts from the enterprise to generate an inventive and innovative environment	213.87	452.15	0.507	0.924
There are clear incentives for employees to manner novelty in the enterprise	213.86	452.523	0.502	0.924
Innovative professional chances and copies, outside of the current customer offerings, are uninterruptedly discovered	213.79	452.478	0.495	0.924
Innovative ideas are organized in product development	213.64	451.754	0.552	0.923
Decision-makers are able to detect original value in thoughts of a radical nature	213.83	454.032	0.487	0.924
Staffs with skill and wish to inform have the scope to do so	213.91	455.003	0.46	0.924
There is independence in the development procedure to come up with novel explanations	213.82	450.317	0.575	0.923
Innovation is administered by management proficiencies	213.82	452.218	0.532	0.924
Innovation is ruled by encouragements to follow it	213.8	452.543	0.531	0.924
The whole procedure from idea examination to commercialization is clearly organized and allows invention	213.76	455.292	0.427	0.924
The enterprise is concerned in invention	213.85	453.024	0.515	0.924
Management understands their role in enabling innovation	213.91	452.819	0.522	0.924
Management uses suitable tools and procedures to switch and assess innovation efforts	213.78	455.077	0.398	0.924
The enterprises' suspected competitive rewards are derivative from a proper consciousness of the market and what resources are competitive	213.64	455.266	0.098	0.935