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THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION IN SELECTED OIL SUPPLIER IN ETHIOPIA

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ADDIS ABABA, ETHIOPIA

DECLARATION

I, **Mr. BERSISA ENSESU** declare that the work which is being presented in this thesis entitled **"THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION IN SELECTED OIL SUPPLIER IN ETHIOPIA**" is original work of my own, any other research or academic sources used here in this thesis have been duly acknowledged. I have carried out the present study independently with the guidance and support of the research advisor.

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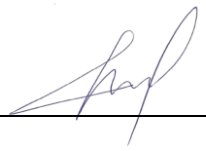


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APPROVAL

This is to approve that Mr. BERSISA ENSESU has conducted this research work on the topic entitled **"**THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION IN SELECTED OIL SUPPLIER IN ETHIOPIA**"** under my supervision. This work is original in nature and is fit for submission for the award of the degree of Masters in Business Administration

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THE EFFECTS OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION IN SELECTED OIL SUPPLIERS IN ETHIOPIA

BY

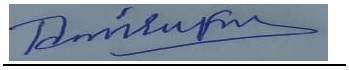
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ABSTRACT

This study investigated the effects of leadership styles on employee motivation in a selected oil supplier in Ethiopia. The objective was to determine how transformational and transactional leadership behaviors relate to and predict employee motivation, and to provide evidence-based recommendations for leadership and human resource practice. A quantitative cross-sectional survey was administered to a sample of 239 employees; 230 valid questionnaires were returned (96% response rate). Respondents were profiled by gender, age, education, marital status and work experience. Leadership styles and employee motivation were measured with standard Likert-scale items. Descriptive statistics, Pearson correlation and multiple linear regression (enter method) were used to analyze relationships and predictive contributions. Assumptions for regression (linearity, multicollinearity, normality, homoscedasticity) were checked and met. Descriptive analyses showed generally high mean scores for transformational (aggregate mean = 3.705), transactional (aggregate mean = 3.883) leadership items, and for employee motivation (aggregate mean = 3.801). Correlation analysis revealed strong, positive and significant relationships between each leadership style and employee motivation (Transformational r = .781, Transactional r = .643; p < .01). Multiple regression indicated that the two leadership styles collectively explained 68.2% of variance in employee motivation (R = .826, R2 = .682, F(2,226)=161.48, p < .001). Transformational leadership was the strongest unique predictor (B = .428, Beta = .504, p < .001), followed by Transactional (B = .240, Beta = .212, p < .001) .The findings demonstrate that leadership style is a major determinant of employee motivation in the studied organization. Transformational leadership has the largest effect. Organizations should therefore prioritize transformational leadership development while retaining clear transactional systems. One key actionable recommendation: leadership development programs emphasizing transformational competencies should be implemented immediately.

***Key words**:- leadership styles, employee motivation, selected oil supplier in Ethiopia, Transformational leadership, Transactional leadership, Laissez-faire leadership*

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Leadership is pivotal in shaping organizational culture and employee motivation globally. Various studies have demonstrated that effective leadership can significantly enhance employee morale, boost productivity, and foster an environment conducive to personal and professional growth (Northouse, 2018). Leadership styles such as transformational, transactional, and servant leadership have emerged as influential paradigms influencing employee motivation. Transformational leaders who inspire and empower their teams create a deeply engaged workforce, while transactional leaders focus on performance and compliance, often finding success in more structured environments (Bass & Riggio, 2016). The idea that leadership styles are linked to organizational performance has piqued people's interest (Al Khajeh, 2018). In these modern times, when societal needs are becoming more complex and organizations and nations are becoming more competitive, achieving high outputs and performance has never been more important. The literature emphasizes the importance of leaders in ensuring high organizational performance (Al Khajeh, 2018). Motivating employees has been found to be a catalyst for their performance and, as a result, for the success of the organization. For decades, both academics and practitioners have been interested in the topic of leadership. People are influenced to work toward organizational goals through the process of leadership. It entails the ability to motivate others as well as the development of followers' capacity to achieve [organizational objectives. (Klein, Cooke & Wallis 2013). As noted by Akparep, Jengre, and Mogre (2019), an organization's leadership style has an impact on its operational success. Workers' behavior is influenced by processes such as training, rewards, communication, and discipline. (Alghazo & Al-Anazi 2016)

In Africa, leadership styles have been recognized as critical determinants of employee motivation and organizational success. The African continent faces unique challenges, including socio-economic issues, diverse cultures, and varying governance structures that directly impact organizational leadership. Studies by Avolio and Walumbwa (2014) highlight how transformational leadership is particularly effective in African contexts, where cultural dimensions such as collectivism emphasize the importance of relationship-building and community engagement. For instance, companies in South Africa have reported substantial

increases in employee motivation and organizational commitment through leadership approaches that integrate local cultural values and prioritize employee well-being (Nkosi, 2019). As organizations navigate rapid socio-economic changes and globalization, the call for adaptive and culturally sensitive leadership has become more pronounced.

Investigating leadership styles and their impact on employee motivation is a crucial and rapidly growing field of research globally (Maduka & Okafor, 2014; Zhang et al., 2023). A leadership style can affect the motivation of employees, which can lead to more excellent performance. This implies that the leader should be able to adjust the organizational behavior style according to the employee's specific circumstances. Less strictness tends to result in worse performance since the job cannot be completed. Nevertheless, being too rigid and devoid of human obligations fosters an unpleasant atmosphere where employees are unwilling to collaborate to enhance their productivity. A comprehensive understanding of leadership style enhances the work environment (Jaafar et al., 2021). Leadership styles encompass a range of methods and tactics leaders employ to guide, organize, inspire, and motivate their staff members. Meanwhile, work motivation encompasses the various variables that stimulate individuals to perform at their highest level, make their most valuable contributions, and attain personal and organizational objectives. A complicated factor affecting worker performance levels and work culture is the interaction between leadership style and job motivation (Dewi et al., 2024). The leadership style influences the quality of work in any organization, as dynamic leadership behavior leads to excellent work outcomes, whereas bad leadership behavior results in adverse work outcomes (Ali et al., 2015). Managers have discovered many leadership styles that might facilitate the growth of subordinates. Leaders must display commendable traits to achieve favorable outcomes (Kanwal et al., 2019).

Employee motivation is based on managers' values, actions, and leadership styles. Motivated employees demonstrate higher engagement and commitment toward their activities and assignments and exert conscientious effort to achieve organizational objectives. They perceive their higher value to the company and view it as a conducive environment for skill development. Because of their greater experience and commitment, these workers stay with their companies for an extended period, eventually becoming an invaluable competitive advantage (Selvarajah et al., 2024).

Ethiopia, a rapidly developing nation in the Horn of Africa, presents a dynamic environment where leadership styles significantly influence employee motivation and overall organizational performance. Leadership challenges in Ethiopia are compounded by cultural and social dynamics. Ethiopian society is predominantly collectivist, where relationships and community ties are paramount. As such, leadership styles that resonate with these cultural underpinnings—such as participative and transformational leadership are more effective in motivating employees (Mesfin, 2019). Furthermore, a study conducted by Kebede (2021) found that Ethiopian workers often exhibit a high level of loyalty to their leaders, suggesting that leadership approaches that emphasize trust, respect, and interpersonal relationships can significantly enhance motivation levels. Leadership style is a key determinant of the success or failure of any organization. A leader is person who influences, directs, and motivates others to perform specific tasks and also inspire his subordinates for efficient performance towards the accomplishment of the stated corporate objectives. Leadership style is the manner and approach of providing direction, implementing plans, and motivating people

According to Michael (2011) leadership has a direct cause and effect relationship upon organizations and their success. Leaders determine values, culture, change tolerance and employee motivation. They shape institutional strategies including their execution and effectiveness. Leadership is critical to the ongoing success of organizations in every sector of today's competitive global business markets. Leadership gives managers the ability to shape the behavior of their employees in an organization. Motivated employees constitute one of the most important results of effective leadership and thus successful managers are successful leaders because they have great influence on their employees in order to help accomplishing organizational goals (Naile & Selesho, 2014). Leadership styles vary between industries and organizations. According to Lussier (2013) leadership style is the mixture of skills, traits and behaviors leaders use as they interrelate with followers. Although a leadership style is based on traits and skills, the important component is the behavior because it is a relatively consistent pattern of behavior that characterizes the success of a leader. Leadership styles are adapted by several leaders in accordance with the demand and working environment of an organization (Zahari & Shurbagi, 2012)

1.2 Statements of the Problem

Leaders motivate employees through setting in place structures aimed at taking full advantage of employee's potential, organization resources and providing direction. Conversely, they can severely cause difficulty in inspiring confidence, buying into firm's goals, promoting alignment and fostering collaborative environment. (Al Altheeb, 2020). The necessity for effective leadership in enhancing employee motivation has drawn significant attention globally, yet there remains a critical gap in understanding how various leadership styles interact with employee motivation within the Ethiopian context. This gap is particularly pertinent given the country's unique socio-cultural landscape and rapid economic changes. In Ethiopia, leaders often adopt traditional and autocratic styles that may not align with the intrinsic needs of a modern workforce that seeks empowerment, engagement, and shared decision-making. Current leadership practices in many Ethiopian organizations fail to adequately motivate employees, leading to low morale, productivity, and retention rates. The prevailing leadership styles observed in Ethiopian organizations can be characterized as autocratic and bureaucratic, often leading to disengagement and a lack of innovation among employees (Kebede, 2023).

Worldwide much has been investigated about the effect of leadership style on employee motivation. Fiaz et al, (2017) studied on the perspective from emerging economy in Pakistan argued that leadership deficit has been Pakistan‟s most pressing issue for decades, and this problem is even more pervasive in public organizations than private sector. Tackling the leadership crisis is now increasingly a question of what constitutes an appropriate leadership style to augment motivation of employees. In Africa, the study of Mohammed et al (2014) cited in NawoseIng‟ollan. & Roussel,(2017) focused on selected business organizations in federal capital territory of Abuja, Nigeria found that although progress has been made in understanding leadership traits, there is need to realize that much is not known about how a leadership style can be applied effectively to enhance employee performance, thus gaps and unanswered questions remain

Moreover, the lack of understanding regarding the diverse leadership styles suitable for different organizational contexts further exacerbates the issue. Despite the growing body of evidence supporting transformational and participative leadership styles as effective motivators, many Ethiopian organizations still rely on outdated practices rooted in hierarchical structures (Alemayehu & Ahmed, 2022). This misalignment can foster a culture of compliance rather than

engagement, stifling creativity and the potential contributions of employees. Furthermore, gender dynamics in Ethiopia complicate the leadership landscape. Women continue to face barriers to leadership roles, resulting in homogenous leadership styles that may not adequately represent the diversity of the employee base. The absence of gender diversity in leadership contributes to a lack of varied perspectives on employee motivation and engagement strategies, which can create additional challenges for organizations seeking to boost employee morale and satisfaction (Tadesse, 2023). As global trends move towards more inclusive leadership, the Ethiopian context must address these gender disparities to unlock the full potential of its workforce.

Research aimed at deciphering the relationship between leadership styles and employee motivation within Ethiopian organizations has been limited. Consequently, there is a significant lack of empirical data to guide leaders in adopting styles that effectively engage and motivate their teams. As Ethiopia continues its journey towards economic development, understanding how varied leadership styles impact employee motivation becomes critical for fostering a motivated, productive, and innovative workforce. Additionally, the interplay between organizational culture and leadership styles deserves attention. Many organizations in Ethiopia operate within a culture that emphasizes respect for authority and seniority, which may restrict the adoption of participative or transformational leadership. Employees may be reluctant to express their opinions or challenge existing norms, further entrenching the ineffectiveness of traditional leadership styles. Thus, addressing the cultural attributes that influence leadership styles and employee motivation is crucial for driving meaningful change this study aims to investigate the effects of leadership style on employee motivation in oil supplier Ethiopia

1.3 Research Question

1. How does Transformational leadership style affect employee motivation in the selected oil supplier company in Ethiopia?
2. What are the impacts of Transactional leadership style on employee motivation in selected oil Supplier Company in Ethiopia?
3. What leadership style dominates in the selected oil supplier company in Ethiopia?

1.4 Objectives

1.4.1 General objective

The general objectives of this study is to investigate the effects of leadership style on employee motivation in selected oil supplier in Ethiopia

1.4.2 Specific objective

- To examine the impact of transformational leadership style on employee motivation within selected oil companies in Ethiopia.
- To investigate the impact of transactional leadership style on employee motivation within the selected oil firms operating in Ethiopia.
- To find out the most dominant leadership style practiced by selected oil companies in Ethiopia

1.5 Significance of the Study

This study tried to examine leadership style and their influence on employee motivation in oil supplier Ethiopia. This study contributes significantly to the field of organizational leadership by providing evidence-based insights into how different leadership styles impact employee motivation in oil supplier Ethiopia. Given the rapid changes in Ethiopia's socio-economic landscape, understanding the intersection of leadership and motivation is critical in fostering a more engaged and productive workforce. This research will not only fill the existing knowledge gap but also offer practical recommendations for leaders and organizations striving to improve employee satisfaction and overall organizational effectiveness. By shedding light on the implications of diverse leadership styles, the study aims to support the development of more holistic and adaptable leadership strategies that resonate with the aspirations and motivations of the contemporary Ethiopian workforce. Additionally, the findings will be beneficial for policymakers aiming to create a conducive environment that promotes effective leadership practices, thereby contributing to the country's broader developmental objectives

1.6 Scope of the Study

This research paper examines the connection between the two different types of leadership styles and motivation of employees. There are mainly two leadership styles that will be addressed in this research paper, namely transformational and transactional leadership styles. These will be examined using the oil supply industry in Ethiopia as a case. This study will examine all employees with an emphasis on permanent full-time employees. It will also cover non-managerial level employees who can offer opinions about the type of leadership styles their managers possess. The interaction of both theories will be the foundation for exploring the

effects of the two types of leadership styles. This is based on the fact that leadership styles determine performance and organizational effectiveness.

1.7 Limitation of the Study

The challenges encountered by the researcher during the process of carrying out the research include the difficulty of measuring employee motivation. The reason behind this is that motivation is highly personal and subjective. For instance, individual employees might interpret motivation in many ways according to their individual experience. Furthermore, self-reporting is used in this research, which indicates that participants might not report their feelings accurately concerning the impact of leadership on their motivation. Therefore, the results of such research would be inaccurate and hence cannot be generalized to generate practical recommendations. Lastly, although the research was carried out among some selected oil suppliers in Ethiopia, the findings cannot be generalized to cover all other companies operating in the Ethiopian oil industry.

CHAPTER TWO

LITERATURE REVIEW

2.2 Theoretical Literature Review

2.2.1 The Basic idea of Leadership

It involves setting a vision, making decisions, communicating effectively, and encouraging others to work toward organizational objectives. These traits help in building trust with employees.

If leaders are too strict, they can adversely impact performance by increasing the difficulty of the task at hand. In an organization, supervisors are responsible for figuring out what is and isn't important in their area of influence. Drucker (1999) believed that these managers should focus on the current income provider and prioritize future goals rather than past achievements.

True leadership entails reactiveness in dealing with problems both organizational and personal problems in an organization before the problem occurs. Secondly, the leader must be accountable and consistently direct his/her employees towards understanding the objective of the institution

2.2.2 Leadership Styles

There are different types of leadership styles, such as transformational leadership style, transactional leadership style, democratic leadership style, and autocratic leadership style.

In this research paper, we will try to explain two types of leadership styles: Transformational and Transactional leadership styles.

2.2.2.1 Transformational Leadership Style

This leadership style consists four elements, these are charismatic role modeling, individualized consideration, inspirational motivation and intellectual stimulation

Charismatic Role Model: In charismatic role model, leaders have high power and influence over others. As per the full-range leadership approach, each type of leadership style or behavior is adopted by any given leader, depending on the circumstances. The full range leadership approach suggests that the two types of leadership styles are structured in a hierarchical manner; thus, the ideal leader should mainly adopt the transformational leadership styles.

(II) **Inspirational motivation**: The inspirationally motivating (IM) leader has the ability to motivate the followers to superior performance. Such leaders are characterized as having a profound ability to create excitement about a vision of the future that the followers are able to accept and strive towards Kirkbride (2006) describes this behavior as a style that parents often use with their children but often is less frequent in organizations where many managers favor a telling approach to a questioning one. These are the attributes related to this type of leadership as highlighted by Kirkbride (2006):

III) Questioning fundamental assumptions; Is prepared to introduce/accept concepts that seem insane; Promotes problem redefinition for followers; Generates a tendency to perceive differently. High ratings on this scale show that the leader: Generates ideas that make people rethink problems that were never in question and consider these problems from different perspectives.

(**IV) Individualized consideration** :Here are some indicators of individualized consideration by Bass and Avolio (2006:Able to identify differences among people in terms of strength, weaknesses, preferences, and dislikes; Matching people and tasks according to their strengths and abilities, Encouraging two-way communication and Fostering self-development

2.2.2.2 Transactional Leadership Style

The transformational leadership style and transactional leadership style have a relationship of complementarity. However, there are also many distinguishing features between both styles of leadership (Bass & Avolio, 1993The former leadership style is also referred to as managerial leadership. This is the kind of leadership style that ensures that staff members follow certain rules or procedures in order to maintain obedience or respect and motivation for the completion of tasks through an exchange process, for instance, where followers are motivated to accomplish a task in exchange for reward and preference (Hayward, Goss & Tolmay, 2004; Vigoda-Gadot, 2007; Yang, 2007; Nielsen et al., 2008).Such leaders try to figure out what motivates their followers and encourage them to reach their objectives .But still, there are certain areas where the two types of leadership share common elements regarding their characteristics. Furthermore, they exhibit the characteristic of adaptability when they make decisions because their decisions undergo changes once they achieve the objectives of their followers (Winston & Patterson, 2006; Vigoda-Gadot, 2007; Yukl, 2008).At the same time, Hayward, Goss and Tolmay (2004) suggested that leaders carry out both leadership styles, but in different proportions

2.2.3 Employee motivation

Employee motivation is one of the most crucial elements in reaching the success and business development in today's dynamic and fierce market competition. Williams defines motivation as, "Motivation is the force which starts people on the road to accomplishing their goals."

2.2.4 Leadership style and Motivation

Developing an understanding of the impact leadership can make on employees' motivation is important. In the past, the mission of leader in relation to employee's motivation has not been clear and leaders frequently undermined the importance of developing effective relationship with stakeholders including the employees.

Leaders also must recognize that what motivates "X" is different than what motivates "Y". Broder maintains that leaders should implement different strategies that are customized to individuals. For example, some employees simply motivated by the job security, others by clear company policies, power, recognition, compensation, on the other side, there is a category of employees who are intrinsically motivated who are just enjoying what they do.

In the study done by Bernard M. Bass (1999), the great author in leadership, 45% to 65% of the overall factors of success or failure is based on the leaders. Leadership consists of mentoring, coaching, inspiring, and motivating the employees in the organization. The leadership process takes place at various organizational levels. Leadership is about taking individuals beyond what they are capable of and creating jobs, roles, relationships and environment.

2.3 Theory of the Study

2.3.1 Leadership Theories

- **Transformational Leadership Theory**

  The Transformational Leadership theory is one of the several leadership theories that supported the relationship between leadership styles and employee motivation. The knowledge of the impact of transformational leadership on the level of employee motivation is important in relation to the special peculiarities of operation in the oil supply industry of Ethiopia.

- **Transactional Leadership Theory**

  Under the theories of transactional leadership, behavior is emphasized while the approach of rewarding is practiced. Additionally, it is imperative to recognize the interplay of Transactional Leadership as a contrasting style that can also affect motivation levels.

- Therefore, this research shall examine the effect of leadership styles that are supported by the existing theories and its effect on the motivation of employees in the Ethiopian oil supply industry.

1. Trait Theory: This theory is related to the individual character that an individual inherits from nature. Trait theory is used in leadership.

2. Contingency Theory: This theory does not have any specific leadership style that applies to all organizations. Recommended leadership styles may vary depending on different variables.

3. Situational Theory: This theory indicates that the leadership style should be the best style in the context of the situation.

4. Behavioral Theory: This theory indicates that an individual learns the skills needed for leadership through training and observations.

5. Participation theory: Emphasizes participation in contribution by group members

2.3.2 Motivational Theory

Motivation is one of the four main determinants of individual behavior. Both motivation and skill form key determinants of the behavior of individuals. However, for the effectiveness of an employee's performance of tasks, proper perception of roles by an employee is necessary. Motivation theory helps us learn better about motivation. It has been found that Maslow, Mayo, Herzberg, McGregor, and Vroom have significantly influenced the development of motivational theory among humans. Abraham Maslow is one of the most notable writers on motivation. The research will conduct analysis about the different motivation theories that are based on human needs.

I. Maslow's theory

The basic requirements of man have been grouped into five by Maslow. These are arranged hierarchically, and each of these needs is linked to some other one. They include physiological needs, safety needs, love needs, esteem needs, and self-actualization needs

1. Physiological needs: Without the fulfillment of all these needs, nothing else can exist. Once all the physiological requirements are met, one does not go about meeting any other type of requirement, but rather focuses on meeting the higher-level requirements. The intrinsic value is a value that fulfills us personally and makes us feel good, whereas extrinsic value can be bestowed upon us by society and organizations

2. Safety needs:

Safety needs involve feeling safe, secure and stable in an orderly environment. At this level, the individual tries to attain job security, proper working environment, insurance and pensions schemes, and freedom of association in order to maintain such benefits. The individual's aim is to make sure that such benefits remain safeguarded or his needs are satisfied.

3. Relationship needs:

These include those associated with the need for acceptance, love, affection, interaction, friendship, etc. Since it is impossible to survive without having some interaction with others, one is compelled to do so in order to fulfill his/her need.

Esteem needs: The requirements include the need for feeling adequate, competent, independent, self-assured, and appreciated and recognized by others. Even at this level, the individual tends to be driven by intrinsic needs. In this case, the intrinsic motivation is more relevant to an individual than any external motivation.

5. Self-actualization: This stage is the hardest one to define, and hence, the toughest to explain. If the man in business has already made enough money, why then does he still chase money and want more? The reason is possibly that he is driven by his intrinsic needs; therefore, he has very individualistic needs. Each individual perceives differently what needs him or she must meet in order to have the sense of fulfillment and happiness. To the rich man, it is not money anymore, but rather, he feels an urge to exercise power. The rich man may find pleasure in engaging in dangerous games. This makes for the intrinsic needs. People who achieve the self-actualization level tend to be very realistic and accept themselves and other

II. Alderfer's (ERG) Theory

Another theory of needs hierarchy has also been proposed by Alderfer, in which three types of needs make up the foundation of this theory. Those theories are existence, relatedness & growth

III. McClelland's Three Needs Theory

In his motivational theory that he came up with in 1988, David McClelland suggested the theory concerning the three kinds of motivating needs. According to the theory, these include need for achievement, which is defined as an intense desire to do things and accomplish difficult objectives, need for affiliation, which refers to having friendly relations with people, and need for power, which involves exerting influence over people.

IV. Expectancy Theory

According to Vroom, there are three major components of motivation. They include valence, whereby an evaluation of the degree of desire that the individual has for something is made. Expectancy is defined as confidence in the ability of success.

2.4 Empirical Literature Reviews

Charismatic and transformational components are essential to leading great sports events, as per the Department of Public Service and Human Resources Development (Masho, 2016).

In the year 2010, Amsalu tried to contrast the two public service organizations of Ethiopian Investment Commission (EIC) and Social Security Agency (SSA). He found out that while SSA is not endeavoring to do so, EIA seems to yield more favorable results in organizational leadership and motivation of employees. Further, he suggests that there should be training sessions conducted for the new public administration using selection process, instructions at work, and communication, which is done by an organization's staff members.

Ali M. Alghazo and Meshal Al-Anazi performed a research paper in 2016 through mixed method to establish the relationship between the type of leadership style used and the motivation levels of employees in a privately owned petrochemical company in Saudi Arabia. Survey questions were formulated, which were distributed to 30 respondents belonging to two departments. Ten respondents from each department also participated in the focus group interview in order to verify the results from the survey questions. Leadership styles were found to be inherently related to job satisfaction. Leadership styles such as transformational and transactional leadership styles influence employee job satisfaction significantly, based on the research results. The role played by transformational leadership style and the need for its adoption was thereafter recommended. It is within the objective of Haremiya University to explore the effects of transformational, transactional and laissez-faire leadership styles on employee motivation in Haramiya University, Ethiopia. The findings of the study indicate that there is a significant relationship between transformational leadership and employee motivation. According to the theories and concepts above, the effect of leadership styles on employee motivation can be explored in the mentioned sectors. Therefore, in this study we can formulate the following hypotheses: The independent variables in this study include:

(i) **Transformational leadership** style,

(ii) **Transactional leadership**, Whereas the **dependent variable** is Employee Motivation. **H1**; Transformational leadership style has positive relationship with employee motivation. **H2**; Transactional leadership style is positively related with employee motivation.

2.5 Conceptual Framework of the study

Employee motivation is highly dependent on the type of leadership in the organization. This research was conducted to explore the different transactional leadership traits that are exhibited by selected Ethiopian oil supplier in motivating employees and their impacts. The other objective of the research was to examine the influence of transformational leadership styles on employee motivation. Any organization capable of developing its own leadership style will be able to keep its employees intact. As it was mentioned above, there is a great number of research works proving that the companies using supportive and guiding styles of management achieve their objectives

The research was carried out based on the following framework depicted in Figure 1 below. Figure 1 demonstrates organizational commitment and leadership style variables in the research. This theory was developed from theories from different literature studies on the subject matter. According to different literature by Bass B. Avolio B. & Mdot. John. 1995. These theories were coupled with those of other researchers concerning the effect of leadership styles on workers' motivation.

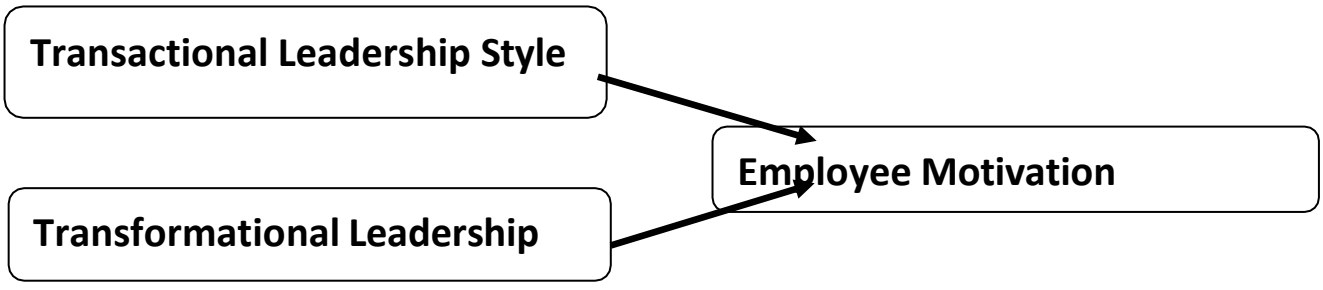


Figure 1: Conceptual Framework

Source: - Self Developed 2025

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter includes the research design, population, sample and sampling technique, data collection methods, research procedures, data analysis methods, and in conclusion, the chapter summary.

3.2 Research Design

Designing a Research refers to an outline or planning method that would be used to get solutions to the research questions by gathering the needed information through data collection and analysis processes, according to Cooper & Schindler (2008), and Churchill (2002)). For the case above, the research design used will be Descriptive and explanatory quantitative design

3.3. Data Collection tools

The study used both primary and secondary data collection procedures. This research used questionnaire survey for primary data collection tools .The questionnaire consists of standardized scales, so as to know the effect of Transformational & transactional Leadership style on employee motivation..

3.3.1 Primary Data

3.3.1.1. Questionnaires

Questionnaires were distributed to the intended respondents in order to collect primary data of the study. Use of questionnaires as a mode of collecting data is based on the consideration that the study aims at investigating the impact of leadership styles on motivating employees in oil supplying Ethiopia

3.3.1.2. Interview

The interview is a two-way interaction between the interviewer and the interviewee whereby information is extracted from the interviewee. This method will use because it is the most effective means of obtaining information

3.3.2. Secondary Sources

3.3.2.1. Documentary Review

A documentary review is the process where data is gathered from various literary works in the form of books, journals, and research papers, among others, that are related to the particular subject area. This includes termination letters from employees, financial reports, inventory of human resources, and any other documents that may be relevant to the study.

3.4 Population and Sampling Design

3.4.1 Population

According to Cooper and Schindler (2008), population is defined as the total collection of elements under study whereby references have to be made. The total population of this study was from Leadership, staffs and others at Population in oil supplier Ethiopia.

Table 1 : Total population of the study

No.	Oil supplier in Ethiopia	Total numbers of Employees in the company
1	NOC	173
2	OLA	120
3	TAF	90
4	TOTAL	130
5	YETEBABERUT	80
	TOTAL	**593**

3.4.3 Sampling Design

Sampling is necessary as it is not possible to take whole population into account due to time, economic constraints, and errors. This study will use simple random sampling.

3.4.4 Sampling Technique

The sampling method used in drawing samples from a population was driven by the objectives of the research activity. The study adopted simple random sampling to ensure that every one had an equal chance of being sampled, and also to ensure that different age groups were represented.

3.4.5 Sample Size

According to Cooper and Schindler (2008), sample size is described as a smaller set of elements from the larger population. The sample computation will be as follows. Using all population for data collection is difficult for one researcher. So, it is difficult to use all population, and the researcher using formula developed by (Yamane, 1967).

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

Where N= number of total population
n= sample

$$n = \frac{593}{1+593\ (0.05)\ 2} = 239$$

Table 2 : Sample Size of each Oil supplier in Ethiopia

No	Oil supplier in Ethiopia	Total numbers of Employees	Sample Size
1	NOC	173	70
2	OLA	120	48
3	TAF	90	36
4	TOTAL	130	53
5	YETEBABERUT	80	32
	TOTAL	593	239

3.5 Methods of data analysis

Quantitative data analysis method was used to analyze the acquired data. Frequencies and percentages are employed in descriptive analysis to portray quantitative data in the form of tables and graphs. In this research, the mean and standard deviation are the most descriptive statistics utilized to describe the data. The researcher has used Statistical Package for Social Sciences (SPSS) version 26 to analyze quantitative collected data. The descriptive statistics is applied to identify effect of leadership style on employee motivation in selected oil supplier in Ethiopia.

3.6. Variables of the study

Dependent Variable: Employee motivation the dependent variable and it may be influenced by a variety of known and unknown factors. However, the study will assess the relative influence of six specific factors on the effects of leadership style on employee motivation in oil supplier Ethiopia: Transformational Leadership (inspiring vision support for growth) and Transactional Leadership (reward systems clarity of roles). Regression & related analysis can be used to measure the effect & relationship of it.

Independent variable: - Leadership style is an independent variable for this research. Although the effects of leadership style on employee motivation in selected oil supplier in Ethiopia is affected by different known and unknown factors, the known factors in the study (Transformational Leadership (inspiring vision, support for growth, Transactional Leadership (reward systems, clarity of roles). The researcher is getting used the frequency, mean, and standard deviation of the respondent to measure the effects of leadership style on employee motivation in selected oil supplier in Ethiopia.

3.7 Validity and Reliability

Validity Test: It is concentrated on removing or reducing the impact of unrelated variables that might compromise the accuracy of the final findings. Once the questionnaire was created it was pre-tested with people who were familiar with the subject by having them read it.

Reliability test: Tests whether the measurements is consistent throughout the entire finding of the study and obtaining the same results with in the sample respondents

3.8 Ethical Considerations

All ethical guidelines have been followed in this study. It acknowledged every piece of information that was cited in the reference section as well as the body. Regarding the questioner respondents their permission was sought in order to confirm their voluntary involvement. Beforehand a brief cover letter highlights the full description of the study, its purpose, confidentiality and privacy protection. Furthermore, the survey is anonymous or nameless.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The fourth chapter focuses on the analysis, discussion, and results of the research study that examines the impact of leadership styles on employee motivation within a selected oil supplier in Ethiopia.

4.2 ResponseRate

A total of 239 respondents were surveyed, and 230 surveys were completed, giving a response rate of 96%. The 96% response rate is deemed reliable for data analysis since according to Babbie (2002), a response rate of 50% and above is enough for data analysis.

Table 3 : respondent's rate of response

No.	Respondents' category	Frequency	Percentage
1	Responded	230	96%
2	Did not responded	9	4%
Total		239	100%

(Source: SPSS output researcher survey data, 2025)

4.3 General Information of the Respondents

This section profiles the respondents in respect to gender, age, level of education, year of experience and participates in one year of the respondents of the effects of leadership style on employee motivation in selected oil supplier in Ethiopia.

4.3.1 Gender of respondents

Table 4: Genders of the respondent

Genders of the respondent				
		Frequency	Percent	Valid Percent
Valid	Male	126	54.8	54.8
	female	104	45.2	45.2

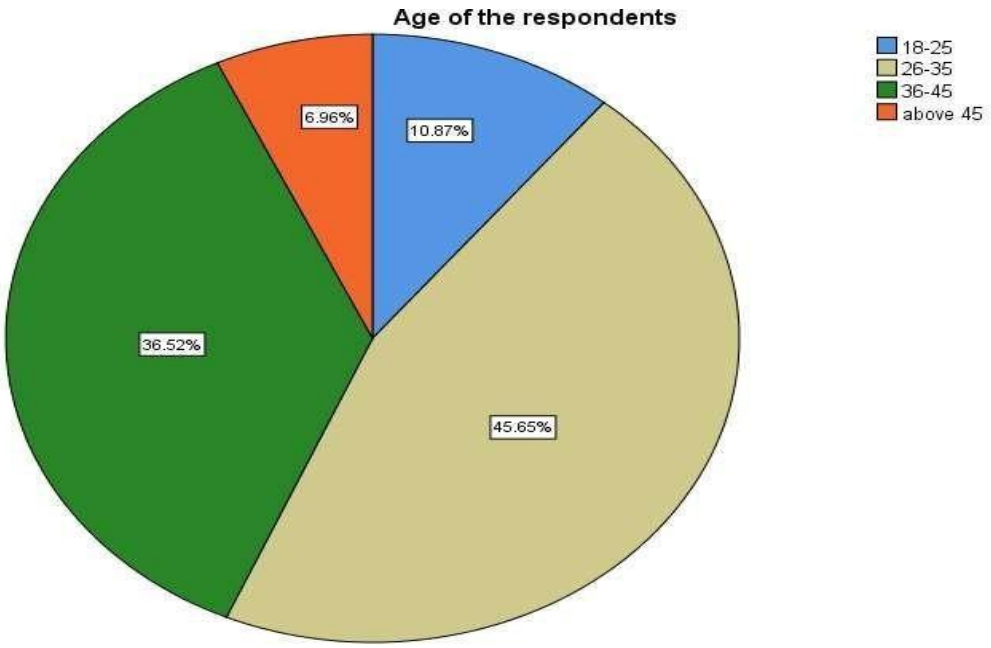
	Total	230	100.0	100.0

Source: SPSS output researcher survey data, 2025

The research found it is important to analyze gender distribution of the respondent so, as to compare the level of participation in managers and employees of in selected oil supplier in Ethiopia. The study did not take gender into account when choosing respondents. Respondents requested to reveal their gender. The inclusion of both genders in substantial numbers enriches the analysis by potentially allowing for the exploration of whether perceptions of leadership effectiveness differ by gender though such subgroup analysis is not presented here. It provides generalization of the results to the whole labor force. It is also important that the respondents are gender-balanced, as the respondents have more males than females (54.8%). This will help in improving the research because of gender balanced responses regarding leadership styles and motivation

4.3.2 Age of the respondents

Figure 2 : Age of the Respondents



The age group was determined from the above diagram by asking the respondents to categorize their age. Majority of the employees are youthful and middle-aged, since 45.7% fall within the age range of 26-35 and 36.5% fall within the age range of 36-45 years.

4.3.3 Education level of respondents

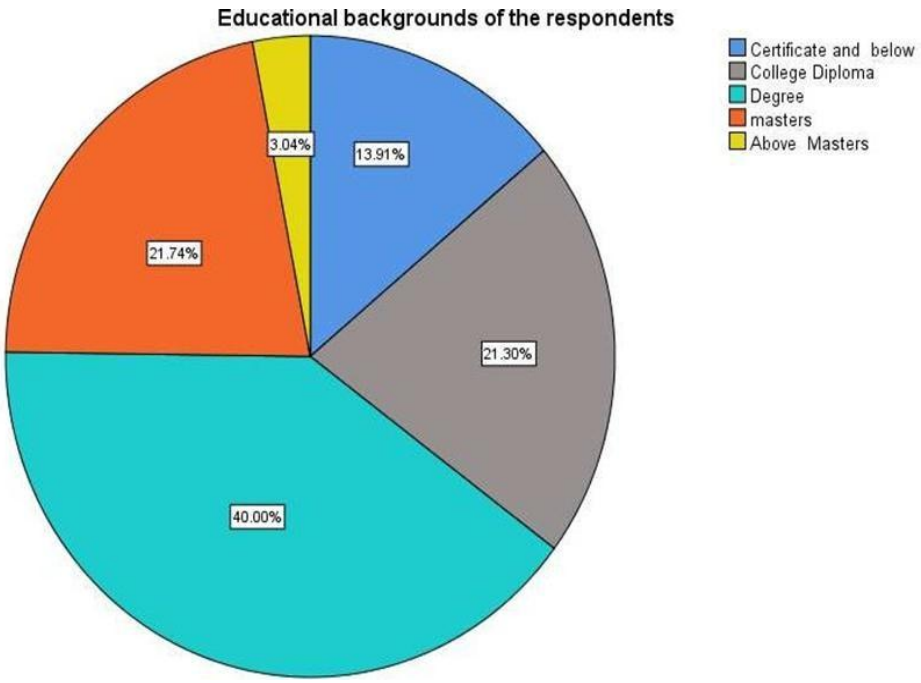


Figure 3 : The respondents' educational levels.

Source: 2025 SPSS output researcher survey data.

The educational background of respondents is displayed via a figure and a detailed table. Categories range from Certificate and below to Above Masters. The most common educational attainment is a Bachelor's Degree, held by 92 respondents (40.0%). This is followed by College Diploma (21.3%, 49 respondents) and Master's Degree (21.7%, 50respondents. The employees with high educational background will respond positively towards leaders who use intellectual stimulation, freedom, and having a common organizational vision as methods of motivating their learning. Transactional qualities which reward the effort put in by the employees are also important for this group of employees. Employees in this category possess great intellectual capabilities, and their motivation will be determined by leadership styles

4.3.4 Marital status of the respondents

Table 5 : Marital status of the respondent

Marital status				
		Frequency	**Percent**	**Valid Percent**
Valid	single	87	37.8	37.8
	married	124	53.9	53.9
	divorce	17	7.4	7.4
	Widowed	2	.9	.9
	Total	230	100.0	100.0

The information contained in the tables below represents statistics on marital status and working experience. A high percentage of married individuals in the sample population is evident (53.9% or n=124), while singles constitute the second highest percent in the sample population (37.8% or n=87). There are also few divorced individuals (7.4%), while widows and widowers constitute the lowest percent in the sample population (0.9%). From the high percentage of married workers, it can be noted that they are extrinsically motivated.

4.3.5 The respondents work experiences

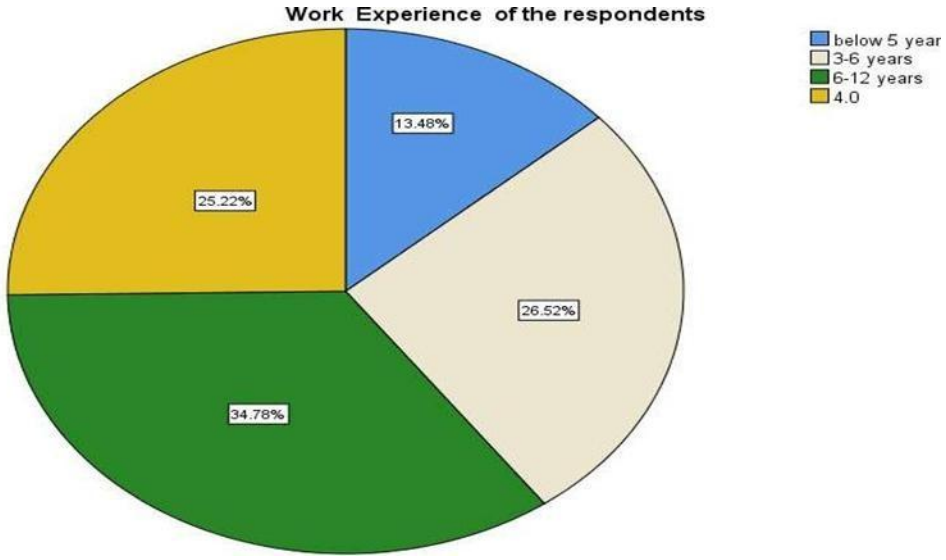


Figure 4 : the respondents work experiences.

Experience distribution covers several brackets. From the above figures, one may deduce that the workforce is rather experienced because most of the people in this firm have worked in this firm for not less than three years. Therefore, these people are experienced enough to know all the procedures and the entire history of the organization. Therefore, it can be suggested that experienced employees may be motivated differently from inexperienced ones. The majority of workers in this company are married (53.9%) and experienced. Thus, the majority have had work experience between 6 and 12 years (34.8%)

4.4 Descriptive Statistics

The purpose of the research was investigating on the effects of leadership style on employee motivation in selected oil supplier in Ethiopia, the descriptive statistics for the two research variables are transformational& transactional styles—are included in this section.

4.4.1 Descriptive Statistics of Transformational leadership style

The analysis of transformational leadership style derived from the findings is presented in this section. A five-point Likert scale with 1 denoting strongly disagree 2 disagree 3 neutral 4 agree and 5 strongly agree was used to rate the demonstrated transformational leadership style. The results means and standard deviations were used to examine the transformational leadership style. The following criteria were used to interpret the means: 1-1. 49 = Very Low 1. 5-2. 49 = Low 2. 5-3. 49 = Moderate 3. 5-4. 49 = High and 4. 5-5. 0 = Very high.

Table 6.the respondents work experiences.

Descriptive Statistics of Transformational leadership style

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
My leader clearly explains what is expected of me in my job	230	3.6435	1.15740
My leader rewards employees when they meet performance targets	230	3.617	1.2262
My leader closely monitors work to ensure rules and procedures are followed	230	3.5913	1.10888
My leader takes corrective action when performance standards are not met	230	3.6913	1.14663
My leader focuses mainly on achieving short-term goals and results	230	4.0478	1.02900
My leader links employee performance directly to incentives or recognition	230	3.6391	1.11176
Valid N	230		
Aggregate mean and STD		3.705	1.159076

Based on fig 4.4, the sample mean and sample standard deviation for transformational leadership style had aggregate scores of 3.705 and 1. 159076 respectively. Majority of the respondents stated my leader focuses mainly on achieving short-term goals and results having a highest means of 4.0478 and STD of 1.02900.

The results indicate that employees generally perceive their leaders as exhibiting transformational behaviors at a high level.

4.4.2 Descriptive Statistics of Transactional leadership style

The results mean and standard deviations were used to analyze the transactional leadership style. The following criteria were used to interpret the means: 1-1. 49 = Very Low 1. 5-2. 49 = Low 2. 5-3. 49 = Moderate 3. 5-4. 49 = High and 4. 5-5. 0 = Very high.

Table 7 .the respondents work experiences.

Descriptive Statistics of Transactional leadership style using SPSS output data

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
My leader communicates a clear and inspiring vision of the future	230	4.0217	1.04253
My leader motivates me to perform beyond my initial expectations	230	3.9348	1.15600
My leader encourages innovation and creative problem-solving	230	3.8696	.85674
leader treats employees as individuals with unique needs and abilities	230	3.7913	1.10573
My leader acts as a role model and sets a good example for employees	230	3.6391	1.14275
My leader inspires me to feel proud of being part of the organization	230	4.0435	.99686
Valid N (listwise)	230		
Aggregate mean and STD		3.8833	1.127081

Based on the table 7, the sample mean and sample standard deviation for the transactional leadership style had aggregate scores of 3. 8833 and 1. 127081 respectively. Contrary to a narrow view of transactional leadership as purely based on contingent rewards, the highest-rated items here are inspirational and visionary traits often associated with transformational leadership. This is because employees view the transaction in terms of economics as well as emotions and psychology where having clear vision and pride in the organization form the rewards. With the total mean score of 3.88 being high, this means that there is a very strong perception of transactional leadership. The lower score on acts as a role model may indicate a gap between leaders' inspirational communication and their day-to-day exemplary behavior

In general, Transactional leadership is perceived at a very high level (Mean=3.88), with its most impactful aspects being the communication of an inspiring vision and fostering organizational

pride. This reflects a mature form of transactional leadership that blends goal-setting with inspiration

4.4.4 Employee Motivation

The following criteria were used to interpret the mean results: 1-1. 49 = Very Low 1. 5-2. 49 = Low 2. 5-3. 49 = Moderate 3. 5-4. 49 = High and 4. 5-5. 0 = Very high.

Table 8 .the respondents work experiences.

Descriptive Statistics of Employee Motivation using SPSS output data

Descriptive Statistics			
	N	Mean	Std. Deviation
Our organization enthusiastic us to improve our performance continuously	230	3.7522	1.00842
I am exerting extra effort to help the organization succeed	230	3.930	1.0796
I am highly motivated to achieving organizational goals	230	3.9087	1.04293
Both intrinsic satisfaction and material rewards motivate me to feel valued and appreciated within the organization	230	3.6739	1.14561
Compensation and benefits in our company contribution and motivated me to stay long-term with the organization	230	3.9174	1.08871
I have an interest in learning new skills to improve productivity and encouraged to participate in decision-making processes	230	3.6261	1.14045
Valid N (list wise)	230		
Aggregate mean and STD		3.80138	1.0927168

Based on Table 4.7, the aggregate scores for sample mean and sample standard deviation for Employee Motivation were 3.80138 and 1.0927168 respectively.

Based on the given table above majority of the respondents stated that I am exert extra effort to help the organization succeed score a highest mean of 3.9300 and STD of 1.0796, Compensation and benefits in our company contribution and motivated me to stay long-term with the organization shows a highest mean of 3.9174 and STD of 1.08871 and I am highly motivated to achieving organizational goals reveals a mean of 3.9087 and STD of 1.04293 respectively.

Effect of Leadership Style on Employee Motivation of the respondents utilized in the effect of leadership style on employee motivation of the selected oil suppliers in Ethiopia, it was determined that the sample mean and standard deviation were 3.80138 and 1.0927168 respectively. The level of motivation for the respondents is considered as relatively high as the mean value equals to 3.80.

Employee motivation is usually based on organizational commitment, goal orientation, andincentives.

4.5 Correlation Analysis

To evaluate strength of the relationship a between independent variables of the study with the effects of leadership style on employee motivation, the product moment correlation coefficient was used. The product moment correlation coefficient is the most widely used method of measuring the degree of relationship between two variables (Kothari, 2004). This coefficient assumes that there is linear relationship between the two variables. Positive values of "r" indicate positive correlation between the two variables whereas negative values of 'r' indicate negative correlation. A zero value of 'r' indicates that there is no association between the two variables. This coefficient is usually denoted by 'r' and can take only the value from -1 to +1. If r = +1 there is perfect positive relationship between variables.

Table 9. Interpretation of R

Range of R	Description
1.00	Perfect relationship
0.80 or higher	Very strong
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very low

0.00	No relationship at all

Source: Bartz, (2009)

Table 10. Correlation's analysis result

Correlation analysis result

		Transformational leadership style	Transactional leadership style	Employee motivation
Transformational leadership style	Pearson Correlation	1	.564**	.781**
	Sig. (2-tailed)		.000	.000
	N	230	230	230
Transactional leadership style	Pearson Correlation	.564**	1	.643**
	Sig. (2-tailed)	.000		.000
	N	230	230	230
Employee motivation	Pearson Correlation	.781**	.643**	1
	Sig. (2-tailed)	.000	.000	
	N	230	230	230

Source: - SPSS output survey data 2025

As indicated in Table 10 the relationship among all the variables was found by using Pearson's correlation coefficient. The correlation value r = .781** shows that there is a strong relationship between Transformational leadership style and employee motivation in selected oil supplier in Ethiopia, and the p-value showed that the relationship is significant.

Regarding to employee motivation in selected oil supplier in Ethiopia and Transactional leadership style, r=.643**, which shows a strong relationship between the two variables, and the p-value indicates that the relationship is significant. When Coming to the relationship of employee motivation in selected oil supplier in Ethiopia and Laissez-faires leadership style, the r=.744** showed a strong relationship between the two variables, also p-value shows that the relationship is significant. The result of correlation analysis shows that all study variables have positive and significant relationship with employee motivation in selected oil supplier in Ethiopia in the study area.

The correlation analysis provides powerful evidence supporting the study's core premise. All two leadership styles have strong, positive associations with employee motivation. The strongest link is with Transformational Leadership, suggesting that behaviors like inspiring a vision, acting as a role model, and providing intellectual stimulation are particularly potent drivers of motivation in this context. The inter correlations among leadership styles suggest that managers in this organization do not use these styles in isolation; they likely blend them, which is consistent with modern, flexible leadership theories. There are strong, positive, and statistically significant relationships between all two leadership styles (Transformational, Transactional,) and employee motivation. Transformational leadership shows the strongest association (r=.781), identifying it as the most influential style in this specific organizational context.

From the results of the correlation analysis conducted, strong evidence is provided regarding the key assumption of this research paper. The relationship between all two leadership styles and employee motivation is highly significant. This implies that among all the two types of leadership style investigated in this paper, Transformational leadership appears to be the one having the highest significant relationship with employee motivation. This style of leadership involves inspiring visions, behavioral modeling, and intellectual stimulation that can be important in motivating employees.

4.6 Regression Analysis

Multiple regression analysis studies the relationship between a dependent (response) variable and independent variable (predictors, repressors', IV's). In this study multiple regression analysis was used. Regression analysis is a statistical method that relates one dependent variable to a linear combination of one or more independent variables. Regression identifies how much each independent variable has an effect on dependent variable. Multiple regression analysis calculates multiple correlation coefficients and R-square (Kerlinger and Lee, 2000

4.6.1 Testing assumptions of multiple regression model

Before conducting multiple regression analysis, the study assessed whether the collected data satisfied multiple regression model assumptions or not. According to Dhakal, (2018) any fit of a multiple regression model is valid, if and only if it should satisfy assumptions of linear relationship between, data must not show multicollinearity, Homoscedasticity, and the residuals (errors) are approximately normally distributed. The tested assumptions are shown as follows:

Assumption 1: Linearity Test

The researcher was able to forecast the dependent variable using one or more independent variables by linearity. A scatter plot was used to verify the hypothesis by examining whether the two variables roughly formed a straight line. Each independent variable in the study area had a linear relationship with the dependent variable as shown in Figure 5.

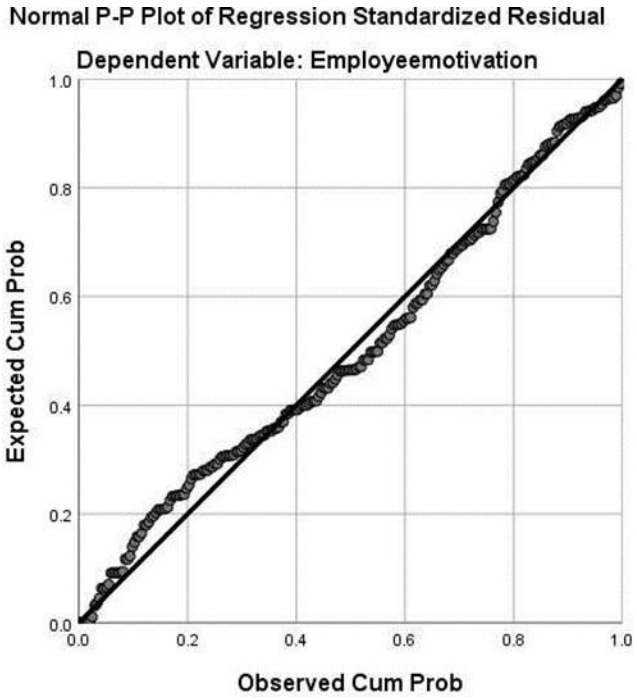


Figure 5.Linearity test

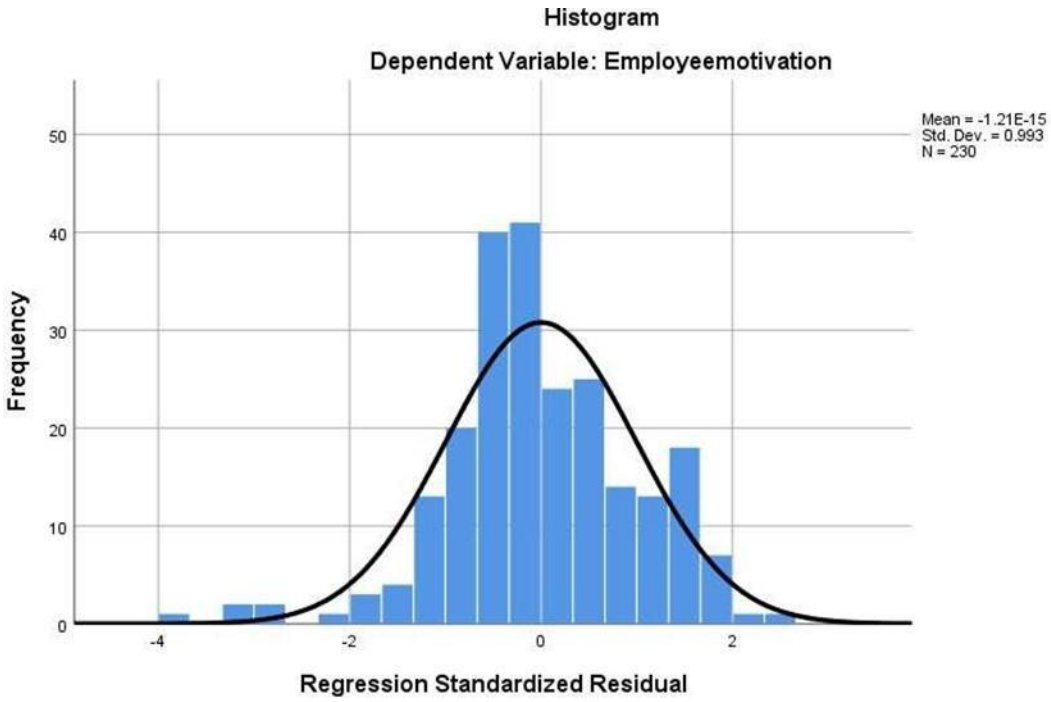
Source: SPSS output researcher survey data, 2025

Assumption 2: Multicollinearity Test

When one independent variable is a linear function of other independent variables there is a high correlation between the independent variables this is known as multi-collinearity (Gelman 2006). The researcher used tolerance and VIF statistics to verify this hypothesis in this investigation.

Table 4. 11 reveals that for all independent variables, the tolerance value is greater than 0. 1 and the variance inflation factor does not exceed the permitted value of 10. Thus, there is not a multi-collinearity problem.

According to Pallant (2011) the normal distribution is represented by a symmetrical bell-shaped curve with smaller frequencies near the extremes and the highest frequency of scores in the middle.



Normality test

Figure 6.Normality test

Source: SPSS output researcher survey data, 2025

Assumption 4:5 Homoscedasticity Test

This is the assumption that the variation in the residuals is similar at each point across the model. As shown in figure 6 the spread of the residuals was fairly constant at each point of the predictor variables or our plot of standardized residuals vs standardized predicted values showed no obvious signs of funneling, suggesting the assumption of homoscedasticity has been met.

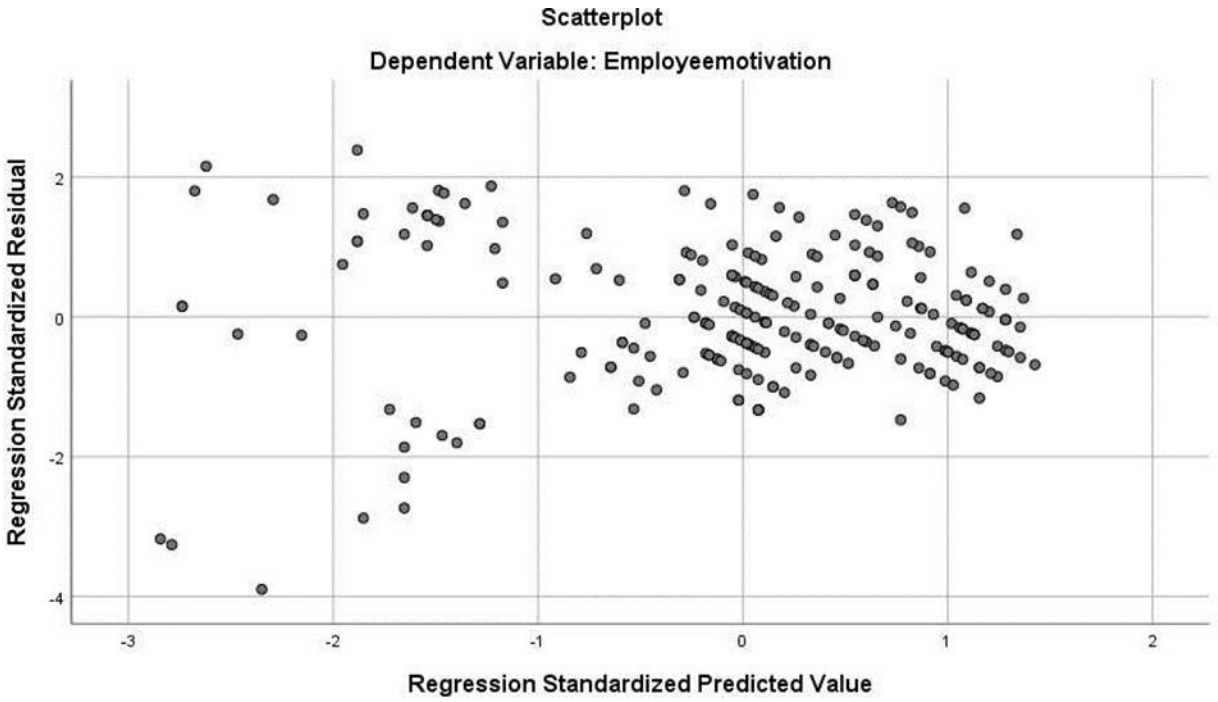


Figure 7.Homoscedasticity Test

Source: SPSS output researcher survey data, 2025

4.6.2 Result of Regression Analysis

R-square and multiple correlation coefficients are computed using multiple regression analysis. The beta value which can be explained on the basis of p or t values measures the contribution of independent variables to the dependent variable. Each of the study findings is listed below.

Table 11.Model Summaries

Model Summaries

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826a	.682	.678	.38310

The value 0. 826 reveal a strong correlation between the variables tested. The models multiple correlation coefficient (R) of 0.826 shows a strong correlation between motivation and the combination of leadership styles. The R sq. value is. 682 which indicates that the two leadership philosophies account for roughly 68. 2 percent of the variation in employee motivation.

Table 12. ANOVA

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	71.097	3	23.699	161.478	.000b
	Residual	33.169	226	.147		
	Total	104.266	229			

The model fits the tested data well because sig = .000 is less than 0. 05. The e. The dependent variable (employee motivation in a chosen oil supplier in Ethiopia) was statistically predicted by the independent variables of leadership style. The F calculated at the five percent level of significance is 161. 478 indicating that the model as a whole is significant. The regression model is statistically significant (F=161.478, p=.000), confirming that the set of leadership styles is a good predictor of employee motivation

Table 13. Regression Coefficient

Regression Coefficient

Coefficient's								
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	.605	.170		3.563	.000		
	Transformational leadership style	.428	.050	.504	8.576	.000	.408	2.452
	Transactional leadership style	.240	.061	.212	3.934	.000	.483	2.072
a. Dependent Variable: Employee motivation								

Source: SPSS output researcher survey data, 2025

According to Kabir (2016) one of the approaches used to test a research hypothesis is p-value

approach. In this approach, researchers compute the p-value on the basis of a test statistic and then compare it with the significance level (test size). If the p-value is smaller than the significance level, researches reject the null hypothesis. A p-value is considered as amount of risk that researchers have to take when rejecting the null hypothesis. This study used the test size of $\alpha =$

.05 which is at 95% confidence level or 5% level significance. Pallent (2016) states the general rule to reject Ho if $p < 0.05$ and accept Ho if $p \geq 0.05$. Table 4.14 above presents regression coefficient result. According to Dhakal (2018) unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The regression coefficient provides the expected change in the dependent variable for a one-unit increase in the independent variable. In order to measure the contribution of each independent variable on the dependent variable the study considers the following model specification by using unstandardized coefficient values.

Where: x1, and x2 are independent variables of the study (i.e. Transformational leadership style, Transactional leadership style) respectively. From the above regression equation, the researcher understands that keeping all other variables constant: - For every one-unit increment on Transformational leadership style, the percentage of employee motivation in selected oil supplier in Ethiopia increased by 42.8% in the study area. For every one-unit increment on Transactional leadership style, the percentage of c employee motivation in selected oil supplier in Ethiopia increases by 24. As it can be seen from the regression result, out of five independent variables, Transformational leadership style is the most significant, followed by Transactional leadership style, and then laissez-faire leadership style.

All two leadership styles are significant predictors ($p < .05$). The standardized coefficients (Beta) show their relative strength: Transformational (Beta=.504) has the largest unique contribution, followed by Transactional (Beta=.212), The Variance Inflation Factor (VIF) values are all below 10 (and tolerance above 0.1), confirmin

g no severe multicollinearity. The regression analysis moves beyond association to prediction. It conclusively demonstrates that leadership styles collectively explain a large portion (68.2%) of what drives employee motivation in this company. While all styles matter, Transformational Leadership is the most powerful single predictor. For every one-unit increase in perceived transformational leadership, employee motivation increases by 0.428 units (based on the

unstandardized B coefficient), holding other styles constant. This model validates the hypothesis that leadership style profoundly impacts motivation and provides a quantitative hierarchy of influence for this specific case. The regression model is robust and significant, explaining 68.2% of the variance in employee motivation. Transformational leadership style is the strongest individual predictor, followed by transactional styles. This provides empirical evidence for prioritizing transformational leadership development to enhance motivation in the selected oil supplier

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is a presentation of the findings, conclusions and recommendations in the light of the objective of this research paper.

5.2 Summary of Findings

- The analysis results reveal detailed information about the impact of various types of leadership styles on the motivation of workers at the selected oil suppliers. With the extremely high response rate of 96% there are interesting implications for this research study in terms of organizational setting and employee motivation
- In the framework of descriptive analysis approach, the mean of the perception of the level of transformational leadership by the employees was found to be quite high (3.71).
- The fundamental factor behind these outstanding results is the fact that the transformational leader considered it necessary that the emphasis of the leader must be on the goals of the organization, which define transformational leadership.
- When we talk about the transformational behaviors, we see that their mean scores varied from 3.59 to 4.05, and the mean score came out to be 3.705. The employees perceived their leaders as those who explained expectations, corrected them, made sure that performance is tied to recognition, and focused on results.
- In all of the aforementioned dimensions, the one that had the highest mean value is the Orientation to Short Term Goal with a mean value of 4.048.
- In relation to transactional leadership, its overall mean was 3.88. Therefore, the employees were quite satisfied with the clarity of the rewards system employed by the leadership. However, what made the difference between the two kinds of leadership was the motivation techniques used in each one of them through pride and inspiration.
- The correlation analysis showed high levels of correlations between the different types of leadership and employee motivation, supporting the hypotheses raised by the study. On the other hand, the relationship between transformational and transactional leadership styles shows that holistic approach is needed for motivating employees.
- From the regression analysis, all the three leadership styles are significantly important in determining the level of motivation among employees.

- The R2 was found to be 0. 682.This means that 68.2% of variation in the motivation of employees depends on the three independent variables.
- The two variables were significantly important, with the transformational leadership style being the most significant determinant of the motivation of employees.
- The model of regression analysis between transformational and transactional leadership accounted for a significant amount of variance in motivation among employees, which was 68.2%.
- The value of the coefficient is quite high and suggests that the leadership style variable is highly influential on the amount of motivation of people working in the company.
- Transformational leadership is seen as having the greatest standardized and the greatest un-standardized effect size (beta and B =.504 and. 428 respectively, with a p-value < .001 for each of them). Similarly, transactional leadership made significant contribution (beta = .212, B = .240 and p-value < .001).
- In summary, the research findings highlight how different types of leadership styles interact together to influence the level of motivation that employees will experience. The analysis conducted showed that leadership styles have been one of the strongest determinants of motivation among employees. Behavioral characteristics of leadership can explain much of the changes in motivation levels in workers more effectively than other methods used in HR management practices.

5.3 Conclusions

- The study aimed at identifying the effect of various types of leadership on employee motivation in the selected company dealing in oil supplies in Ethiopia. This study intended to determine the impact of transformational and transactional leadership behaviors on employee motivation. The results of this research validate the importance of having effective leadership in creating a motivated work environment.
- Firstly, it is evident from the results that there is a high level of interest and participation by the employees regarding the subject matter of the study.
- Variability exists in the demographic structure of the respondents; hence, the collected data varies widely. As can be noted, transformational leadership greatly contributes to motivating employees than conventional approaches of motivating employees. This is consistent with

modern theories of leadership that emphasize dynamic and responsive leadership styles that respond to the needs of the employees.

- On the other hand, although transactional leaders are efficient in their leadership role, they are only influenced by the reward approach.
- From the results obtained, it becomes clear that, apart from rewards, what motivates the employees is their loyalty to the organization.
- Transactional leaders need to keep in mind that while fostering independence among workers, they must also oversee their activities. The significance of using multiple styles becomes evident in the results, showing how employees are highly motivated when the leaders adopt a variety of leadership styles.
- In conclusion, the current research can be seen as part of the ever-expanding research body on the importance of effective leadership style as an influential determinant of employee motivation. Leadership development becomes even more important for organizations when they seek to develop leaders with the ability to motivate their subordinates. As for the entire value of R2 being 0.682, it implies that the organizational attributes taken into account by the researcher in this research, the leadership attribute becomes the key attribute. A visionary leader sets higher expectations for people and develops them.
- Quality of leadership communication becomes an important part of the equation. Positive responses to "Communicates a clear vision" and "Inspires pride" indicate that motivation mechanisms employed by leaders in the company are based on clarity of message and emotional aspect. The organization's incentive and compensation system work effectively to motivate the respondents. The answer provided to the item "Compensation and benefits are motivating factors," therefore, shows the continuing role played by transactional approaches in retention of employees and efforts they make at work. Focus on short-term results ("highest transformational mean") suggests that the appropriate method for setting standards and encouraging people to develop competencies must be defined in order to motivate them in the long term.

5.4 Recommendations

Based on the above findings and conclusions, the following recommendations are recommended for selected oil supplier in Ethiopia

- ✓ The organizations of oil supplier should invest in transformational leadership development programs that help develop their current leaders about developing an engaging and inspiring work environment.
- ✓ Moreover, there is a need for designing and implementation of a development program for transformational leadership for managers of the firms operating in the field of supplying oil. This is possible only when the concept of individualized consideration, intellectual stimulation, and role modeling becomes comprehensible to them.
- ✓ It is important for the leaders to remain updated on the basis of the feedback from the employees regarding the requirements and perceptions regarding different types of leadership styles.
- ✓ Moreover, the manager should make sure that both monetary and professional rewards are incorporated into the employee motivational framework.
- ✓ The organizations of oil supplier should conduct continuous training to enable leaders to communicate well with the employees and thereby motivate them.
- ✓ Managers should be trained on practicing calibrate laissez-faire style where the right amount of autonomy is offered and feedback is given at the right time so as not to leave any incompetent people directionless.
- ✓ The final step involves coaching of the managers in the areas of communication and giving feedback

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APPENDICES

ADDIS ABABA UNIVERSITY

DEPARTMENT OF BUSINESS ADMINSTRATION

QUESTIONARY TO BE FILLED BY RESPONDENT

Dear respondent

I am carrying out a research & in this regard, I need your truthful & valuable opinion through this questionnaire. My research interest is in the (the effects of leadership style on employee motivation in oil supplier Ethiopia) you can help me on current research project by completing the attached questionnaire. I request 10 to 15 minutes of your time to fill these questioners. It is being distributed to you purely for academic purposes, and all responses will be kept confidential. Your neutral choices will be highly appreciated and make this valuable research. Please read the instructions carefully and answer all the questions.

Yours faithfully

By: Bersisa Ensesu

Mobile: 0911-155606

Directions for filling the questionnaire

There is no right and wrong answer of the options provided. Therefore, you are kindly requested to fill your real opinion regarding each question. Your response is utilized only for the purpose of this survey.

Please put a "√" mark on your choice in the space provided

No need of writing your name

Part (1):-Demographic factor related questions

Gender.

Female ☐

Male ☐

Age group

18-25 years old ☐ 26 -45 years old ☐

26 - 35 years old ☐

e) Above 45 years old ☐

Educational Qualification

certificate and below ☐ e) above masters ☐

College diploma ☐

Bachelor degree ☐

Master ☐

Work experience

a) Below 5 years ☐

b) 1-3 years ☐

c) 3-6 years ☐

d) 6-12 years ☐

e) Above 12 years ☐

Marital Status ☐

Single ☐

Married ☐

Divorce ☐

Widowed ☐

Part II Questions regarding the effects of leadership style on employee motivation **in oil supplier Ethiopia**

Part II: Independent Variables

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following question

Section: Transformational leadership style

Kindly indicate your views Transformational leadership by ticking in the likert scale whereby; 5-Strongly Agree, 4-Agree, 3-Indifferent, 2-Disagree, 1- Strongly Disagree.

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
TL1	My leader clearly explains what is expected of me in my job					

TL2	My leader rewards employees when they meet performance targets					
TL3	My leader closely monitors work to ensure rules and procedures are followed					
TL4	My leader takes corrective action when performance standards are not met					
TL5	My leader focuses mainly on achieving short-term goals and results					
TL6	My leader links employee performance directly to incentives or recognition					

Section B: Transactional leadership style

Kindly indicate your views on Transactional leadership style by ticking in the likert scale whereby; 5-Strongly Agree, 4-Agree, 3-Indifferent, 2-Disagree, 1- Strongly Disagree.

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
TF1	My leader communicates a clear and inspiring vision of the future					
TF2	My leader motivates me to perform beyond my initial expectations					
TF3	My leader encourages innovation and creative problem-solving					
TF4	leader treats employees as individuals with unique needs and abilities					
TF5	My leader acts as a role model and sets a good example for employees					
TF6	My leader inspires me to feel proud of being part of the organization					

Part III: Dependent Variables

Please indicate the extent to which you agreed or disagreed on the following question by using 5 points Likert scale: Strongly Disagree = 1, Disagree = 2, Neutral = 3, Agree = 4 and Strongly Agree = 5 Please circle one number to indicate the extent to which you agree or disagree with the following question

Section D: - Employee motivation

Kindly indicate your views on - Employee motivation by ticking where appropriate; 5- Strongly Agree, 2-Agree, 3-Indifferent, 4-Disagree, 1-Strongly Disagree.

No.	Questions Items	SD	D	N	A	SA
		1	2	3	4	5
EM1	Our company enthusiastic us to improve our performance continuously					
EM2	I am exert extra effort to help the organization succeed					
EM3	I am highly motivated to achieving organizational goals					
EM4	Both intrinsic satisfaction and material rewards motivate me to feel valued and appreciated within the organization					
EM5	Compensation and benefits in our company contribution and motivated me to stay long-term with the organization					
EM6	I have an interest in learning new skills to improve productivity and encouraged to participate in decision-making processes					