



The role of Leadership on Organizational Effectiveness: Case of Minaye PLC and Deluxe

A Project work Submitted to Office of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Master of Art in Business Leadership

Habtamu Alemayehu Haile GSE/7103/2011

Advisor: Solomon Markos (PhD)

Addis Ababa University School of Commerce

Addis Ababa, Ethiopia

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DECLARATION

I, the undersigned, declare that this study entitled “the role of leadership style on organizational effectiveness at Minaye PLC and Deluxe” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by:

Name: Habtamu Alemayehu Haile

Signature_____

Date_____

CERTEFICATION

This is to certify that the work contained in the project entitled “The role of Leadership on Organizational Effectiveness: Case of Minaye PLC and Deluxe.”, submitted by Habtamu Alemayehu Haile (GSE/7103/2011) for the award of the degree of Master of Art in Business Leadership in Addis Ababa University School of Commerce, is a record of project work carried out by him under my direct supervision and guidance.

Name- Solomon Markos (PhD)

Signature _____

Date _____

APPROVAL SHEET

This is to certify that this project work prepared by Habtamu Alemayehu Haile entitled “the Role of leadership style on organizational effectiveness at Minaye PLC and Deluxe” Submitted in partial fulfillment of the Requirements for the Degree of Master of Arts in Business Leadership at Addis Ababa University College of Business and Economics School of Commerce complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Approval of examining board

Advisor _____ Signature _____ Date _____

Internal Examiner _____ Signature _____ Date _____

External Examiner _____ Signature _____ Date _____

Chair of Department or Graduate program Coordinator

Abstract

The purpose of this study is to examine the role of Leadership Styles on Organizational Effectiveness by using data obtained from 86 full time employees of Minaye PLC and Deluxe. The sample was made up of full time, Leaders and employee of 126 Population. Two survey questionnaire instruments were used to collect the data. A multiple linear regression model was applied to study and analyze the data. Generally, the results support to theories that hypothesize leadership styles play a significant role in determining organizational effectiveness. Transformational Leadership style has been positively linked to organizational effectiveness; The results support arguments for adopting the transformational leadership style, and each of its dimensions, to reverse the decline of and enhance levels of organizational effectiveness for Minaye PLC and Deluxe. Limitations of the study were discussed, as well as suggestions of the findings. Finally, recommendations for future research were given.

Key words: Organizational effectiveness, Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership

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CHAPTER ONE

INTRODUCTION

In this section it is going to be discussed background of the study, problem statement, research objectives (general and specific), research question/hypotheses, significance of the study, scope of the study, organization of the study, and research setting.

1.1 Background of the study

Leadership is the process of influencing people, so that their efforts are oriented toward achieving organizational goals. Leadership is the process of guiding others behavior towards achieving the stated objective. The question is defining a leader and the most acceptable answer can be: “ the leader is defined as any person who influences individuals and groups within organization, helps them in defining objectives and guides them toward achieving these organization goals”(Anjeza Meraku, 2017).

As earlier researchers describe the role of leadership is critically important to achieving the effectiveness of organizations. It is considered that the company’s success is attributable to organizational performance, employee job satisfaction and employee affective commitment. Some researchers suggested that leaders motivate by using effective leadership styles to be competitive. If leadership were to be studied, researchers could then fully appreciate how the antecedents, dynamics, consequences, and criteria of leadership change as a function of such variables as

company size, structure, environmental difficulty, and societal and cultural factors(Hunt & Ph.D, 1977).

Organizational objective is effective as a direction for team action. Leadership styles are directed at setting, establishing, classifying, or translating this direction for the followers and

simplifying or enabling the organizational activities that should result in the attainment of this objective. Organizational objective and direction become defined in many ways, including through mission, vision, strategy, goals, plans, and tasks. The operation of leadership is inextricably tied to the continual development and attainment of these organizational goals. (Hackman & Walton, 1986).

Leadership style is a crucial factor of the success or failure of any organization. It is the manner and approach of providing direction, implementing plans, and motivating people (Ng'ethe, 2012). According to Polychroniour (2009), leadership is a process of influencing others, commitment towards achieving their full capacity in value addition, common vision, with desire and honesty. Leadership styles have diverse effects on variables such as flexibility, standards, rewards, clarity and commitment and in some cases on organizational atmosphere as the behavior of the leader produce encouragement methods which have effect on the conduct of individual's output in the organization. Thus, the essence of leadership is followership. Effective leadership is the degree to which a leader continually and increasingly leads and guides his or her followers, towards organizational effectiveness (Polychroniou, 2009).

Minaye PLC, a member of Minaye Group, consists of two strategic business units that import and sell high quality furniture (Deluxe furniture) and that manufactures cost effective furniture products and distributes to SMEs (Minaye furniture). As observed from inside there is a leadership gap that suits the contexts of both strategic units, especially at mid-level management. In this competitive market the leadership style that should be followed considering the context of the strategic business units greatly affecting the performance of respective workers there by equivalently the organizational effectiveness.

1.2 Problem Statement

Leadership styles govern the level of followers' involvement in decision making and how an organization is run directorially (Babbie, 2007). Organizational leaders are likely to carry out tasks with few resources to the maximum level in order to uphold the competitive advantage and sustain profitability position of the organization. Donna (2011) argued that leaders using their leadership style to encourage employees and to achieve organizational goals. Team leaders are believed to play a crucial role in shaping collective norms, helping teams cope with their environments, and coordinating collective action.

The furniture industry is under constant pressure to meet change, develop their structures, and improve performance. Organizations today are moving towards more transparent structures, which enable employees to influence the decisions made because of concern for productivity and the need for a high level of commitment by employees to their job. Despite all the advances in leadership styles, appointments lack excellence and organizations eventually have leaders who lack the abilities or capacities to use the appropriate leadership style to lead the members to attain set goals or objectives. Once problem arises, there will be noises in the way such leaders behave or administers the organization and these will in-turn affect the goals of the organization (Johari, 2008).

It has been observed that there is high turnover rate, limited capacity utilization and dissatisfaction among employees in Minaye PLC and Deluxe. The study sought to investigate the effects of leadership style on organizational effectiveness in Minaye PLC and Deluxe in both strategic business units. The study also investigates any relationships between leadership style (s) and overall effectiveness of the organization.

1.3 Research Questions

1. What is the type of dominant leadership style followed in Minaye PLC and Deluxe?
2. What is the degree of organizational effectiveness in Minaye PLC and Deluxe?
3. What is the relationship between leadership style and organizational effectiveness?
4. Which leadership style is appropriate for each strategic business units in relation with organizational effectiveness?

1.4 Research Objectives

1.4.1 General Objective

The main objective of the study is to investigate what type of leadership style leads to improved organizational effectiveness in the Minaye PLC and Deluxe.

1.4.2 Specific objectives

More specific objectives are:

- I. To assess the type of leadership style exercised in Minaye PLC and Deluxe.
- II. To assess the level of organizational effectiveness of Minaye PLC and Deluxe.
- III. To examine the relationship between leadership style(s) and organizational effectiveness and
- IV. To examine to what extent the leadership style (s) contributes to organizational effectiveness.

1.5 Significance of the Study

Given the importance of furniture industry to the economic and social development of Ethiopia, there is the need to ensure that furniture manufacturing and supply consistency with the growth trend of the demand. One of the factors that may affect the successful operations of furniture industry is bad leadership by both the Executives and Management. In view of the

governance structure of furniture industry and the selection process of the Executive Management as well as the Line Managers, leadership has become quite problematic. The subject area will help the furniture industry to adopt and incorporate leadership styles that influence optimum organizational effectiveness. The organizations will come to appreciate leadership styles, practices and principles that work best for managing furniture industries. Again, upon the successful completion of this study, the findings can be used for refinement of the leadership style of Management in managing the furniture industry context. Upon adoption of good leadership styles in the furniture industry based on the findings, the organization will increase its profitability and ensure sustainability. The study will therefore help furniture industries to benefit from the organizational effectiveness as a result of the incorporation of suitable and appropriate leadership styles that ensure profitability and sustainability. Generally, the findings of this study will serve as a literature and reference material for other researchers, individuals, other institutions and may be archived in libraries.

1.6 Scope of the Study

Conceptual scope: the study is intended to examine the type of Transformational, Transactional and Laissez- Faire leadership styles practiced in relation to Organizational effectiveness Minaye PLC and Deluxe and whether or not it impacts organizational effectiveness either positively or negatively.

Time Scope: the study is intended to cover views of current Management and staff members of Minaye PLC and Deluxe.

Geographical Scope: the population is composed of Minaye PLC and Deluxe Human capital department, Material management department, Deluxe furniture business unit marketing department and its show rooms, located at Lideta Subcity Torhailoch area and Manufacturing

strategic business unit marketing, design and production and technique departments which are located at Kality industry

1.7 Limitation of the Study

The study is limited to the role of leadership styles of Minaye PLC and Deluxe on organizational effectiveness and as such does not study other factors that could impact effectiveness. In addition, the fact that the study is aimed at conducting an evaluation of the role of leadership styles on organizational effectiveness there might be bias of response. The scope of the study is limited to managers and staffs of Minye PLC and Deluxe that may restrict the sample size. COVID 19 also affected the assessment and investigation.

1.8 Definition of Terms

Terms: Leadership, Leadership Styles, Organizational Performance.

1.8.1 Leadership: -

Leadership is an influence relationship among leaders and followers who intend real changes and outcomes that reflect their shared purposes. (Joseph C. Rost and Richard A. Barker 2000)

1.8.2 Leadership Style:

A leadership style is a leader's method of providing direction, implementing plans, and motivating people(Kotter, John P., 1947- 2001).

1.8.3 Organizational effectiveness:

Organizational effectiveness is the idea of how effective an organization is in achieving the goals of the organization intends to produce (Etzioni, Amitia 1964).

1.9 Organization of the Study

This study is organized in five chapters. Chapter one comprises Introduction, Background of the Study, Statement of the Problem, Research Questions and Hypothesis, Objective of the Study with General Objective and Specific Objectives, Significance of the Study, Scope, Limitation and Definition of Key Terms. Chapter two reviews related literature. The literature review is organized in thematic areas that discuss the various leadership styles, its relation with organizational effectiveness. Empirical and theoretical reviews are also conducted thereby forming a conceptual framework. Chapter three discusses research methodology, methods of data collection, sampling techniques, sample size, methods of data analysis, reliability and validity of the instrument and also ethical considerations. Chapter four include data analysis, interpretation and discussion of the findings are presented. Finally, chapter five summarizes the findings and state the conclusions and forward recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter presents the relevant theoretical and empirical literature on the role of leadership style on organizational effectiveness. The first section discusses the theoretical underpinning of the study including the meaning of leadership, evolution of leadership and emergence of leadership styles. In addition, it also explores organizational effectiveness and the relationship between organizational effectiveness and leadership styles. The second section examines empirical literature on the role of leadership style on organizational effectiveness in some organizations. Based on theoretical and empirical literature review and with the help of the analysis of the data the study compiles, it is the objective of this study to deliver recommendations for Minaye PLC and Deluxe to use in the business.

2.1 Theoretical review

1.1.1. Definition of leadership

There is no single definition for leadership as it has been defined differently by different writers and scholars. Yukl, 2006 defines leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Northouse, 2010 defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal”. These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few certain people are endowed at

birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers. Burns, 1978 mentioned that, “Leadership is one of the most common and least understood phenomena on earth.” This does not only show that there is diverse of definitions but it also indicates how the different theories of leaderships are exercised today. Leadership can be defined as the ability to instigate confidence and backing among the people who are needed to attain organizational goals (DuBrin, 2011). Another definition that goes with this study is the one given by the Investopedia. According to the Investopedia, “Leadership is the capability of a company's leaders to set and attain difficult goals, take instant and decisive action, outperform the competition, and motivate others to accomplish well.” The capability of a leader to encourage and inspire followers to realize organizational goals is very important for achievement of all-inclusive organizational targets.

1.1.2. Evolution of leadership theories

Leadership as a task and discipline has evolved over the years. This evolution has manifest itself as a result of the inborn nature of humans and their atmosphere to vary. it's believed that teams with leaders usually perform higher than teams with out not leaders.

Leadership attention could also be the extra advantages the follower gets from following moreover as an agency is that the right person to follow during a specific state of affairs. This section seeks to convey a general image of the historical foundations of leadership theory and indicate the progress that has been created up to now.

The historical development of leadership thought include: the temperament era, the influence era, the behavior era, things era, the contingency era, the transactional era, the anti-leadership era and therefore the culture era. the remainder era: the transformational era, fulfilling prophecy period (King, 1990). These eras are in brief mentioned successively.

The temperament era determined at the primary formal leadership thoughts that formed the idea of understanding the leadership method. Bowden (1927), equated leadership with temperament. This assertion implies that individuals with sturdy personalities are seemingly to become leaders. Even leadership theorists believed that leadership was additionally supported inheritance (Jennings, 1960). This era additionally tried to link temperament traits with leadership however later empirical studies didn't back this argument (Jenkins, 1947). Following the on top of, the temperament era is additional acceptable and suited to the situational and specific factors that decision for leading folks.

The next leadership era value mentioning is that the influence era. This era may be a development on the temperament era. This era recognized that leadership may be a relationship between people and not a characteristic of the solitary leader (Van Seters and Field, 1990). By implication, the leader might not be ready to attain nice results while not the assistance of followers. The leader, regardless of the leadership dispensation, can perpetually need the cooperation of followers. In coordinative the cooperation and support of followers toward action of structure goals, it's not acceptable to resort to the utilization of power and authority so as to influence staff.

On the opposite hand, the behavior era took a completely new direction by swing additional stress on what leaders do than the leader's supply of power and temperament traits. during this era, leadership was outlined as a set of human behavior (Hunt & Ph.D, 1977). This was a serious progress in leadership theory not solely as a result of it enjoyed sturdy empirical support (Fleishman & Harris, 1962). The behavior era gained additional prominence at the time as a result of it may simply be enforced by active managers to create them more practical and economical. The behavior era was divided into two particularly, the first behavior amount and late behavior

amount. the first behavior amount was an extension of the attribute era that placed additional stress on developing behavior traits.

Furthermore, the situational era created important progress in promoting leadership theory by considering the factors on the far side the leader and subordinate. The social station of the leader and his subordinates moreover because the relative position power of the leader and subordinates and therefore the external atmosphere may influence the leader's behavior (Bass, 1990). Situational factors confronted by the leader head to confirm the styles of traits, behaviors, skills and influence which will cause the leader to be effective or otherwise. The situational era is any divided into the environmental amount, the social station amount and therefore the socio-technical amount. within the atmosphere amount, the actions of leaders didn't matter however being within the right place at the correct time and within the right circumstances may favor someone in turning into a pacesetter (Hook, 1943). within the social station amount, cluster members' expectations were bolstered with the read that individual member's behavior can stay according to their previous behaviors. Here, the leader's and therefore the subordinate's roles are outlined by reciprocally confirmed expectations of the behavior and interactions they're permissible to contribute to the cluster (Stogdill, 1959).

Moreover, the contingency era shaped a serious advancement within the evolution of leadership thought. The contingency era found effective leadership to embrace factors like temperament, behavior, state of affairs and influence and not one variable. On the opposite hand, the transactional era disassociated itself from the assertion that leadership resided within the person or state of affairs. The transactional era addressed the influence between the leader and subordinate through the reciprocal influence between the subordinate and therefore the leader.

Besides, the anti-leadership era tested the aforesaid theories that are explained up to now however departed from all the views control by the assorted theorists. within the anti-leadership era, subordinates didn't see the connection of the leader and so, the increase of anti-leadership movement among subordinates. Flowing from the preceding, Laborer (1975) steered that we have a tendency to hand over and abandon the idea of leadership altogether.

The culture era saw the creation and sustenance of a powerful structure culture that was powerfully advocated for during this era. the main target of leadership here was one among making a culture that becomes the pivot for increasing structure performance, effectiveness and potency. within the words of Manz & Sims, (1987) “if a pacesetter will produce a powerful culture in a corporation, staff can lead themselves” is value noting. it's harder leading in a corporation while not a powerful structure culture and vice-versa.

Finally, the transformational era is the most recent and most promising in the evolutionary development of leadership theories. Bass (1985), suggested that leaders must be proactive rather than reactive in their thinking; radical rather than conservative; more innovative and creative; and more open to new ideas. Following the above, leadership is expected to influence their subordinates in a manner that increase the commitment and support from all organizational members including subordinates. Transformational leadership is essential during organizational transition by creating visions of potential opportunities and instilling employee commitment to change (Tichy and Ulrich, 1984). Here, without a passionate articulation of the vision, employee commitment and provision of adequate resources, leadership might not succeed.

There are two periods in this era which include: the Charisma Period and the Self-Fulfilling Prophecy (SFP) Period. The main thrust of the Charisma period is that the leader must be a visionary, able to align the personal goals of organizational members to his vision for the

organization and move all along the new direction. In the view of Roberts (1985), the Charisma Period builds on the Culture Era by viewing leadership as a process of collective action. Leadership must not only rest on the leader's shoulders but all organizational members must throw their support behind leadership. Unlike the Charisma Period, the Self-Fulfilling Period is based on theory by Field (1989). The Self-Fulfilling Period can be activated from both the top and lower levels of the organization. Here, transformation can emanate from the subordinate to the leader and vice-versa.

1.1.3. Leadership styles

Leaders adopt different leadership styles in leading their followers. The style (s) the leader applies depends on a host of factors including the situational factors, personality traits and experience. Different leaders lead differently but as to which style produces the best results, depends on situational factors and experience of the leader at a particular time. The three leadership styles include: Laissez-faire style, Transactional style and Transformational style. These leadership styles are briefly described in the section that follows.

Laissez-faire leadership style

The laissez-faire leadership style gives all the right and power for decision-making to the staff to carry out their duties assigned them. Here, the leader avails all the necessary resources for staff to perform their functions. Employees have the freedom and liberty to take decisions that will habituated to the benefit of the organization without unnecessary interference from the leader (Bass, 1990; Northouse, 2010). The leader only comes in when employees invite the participation of their leader otherwise, the leader's involvement will be resisted by employees. Laissez-faire leadership style works best when: the organizational culture in an organization promotes employee commitment and loyalty, employees are highly skilled and experienced, employees are specialist

in their domain of work and when the leader has put in place monitoring mechanisms to track the performance of each employee in the organization. However, this style should not be used if the leader does not have the capacity to monitor the work of his employees.

Transactional leadership style

The transactional leadership style pays more attention to the motivation and punishment of employees through rewards and sanctions. Here, employees who are considered performers are rewarded appropriately while non-performers are punished accordingly. Under this leadership style, the leader identifies the peculiar needs of employees and provides the motivation to increase staff performance (Bass, 1990). Transactional leaders focus on boosting the efficiency of recognized routines and procedures.

Transactional leaders accept the goals, structure and culture of the existing organization and are said to be ineffective in bringing significant change. These leaders can be successful to the extent that they explain expectations and goals, but they generally forget to focus on developing the long-term potential of followers. Bass, (2000) postulates that transactional leader could be identified through leadership behaviors such as contingent reward, active management-by-exception and passive management-by-exception. Contingent reward is behavior whereby followers are rewarded on contractual basis, told what to do to gain rewards, punished for undesired actions, given extra feedback and promoted for good work. According to Bass and Avolio, (1994) and Hater and Bass, (1988), through the passive management-by-exception behavior transactional leaders intervene only after the set standards are not met while the active management-by-exception behavior transactional leaders will try to anticipate mistakes or problems. Transactional leadership is therefore a style of leadership based on the provision to subordinates of resources they need to complete their tasks.

Transformational leadership style

Transformational leader is the one who helps organizations and people make positive changes in the way they do things (DuBrin, 2011). This leadership style combines charisma, inspirational leadership, and intellectual stimulation in leading organizational members. By combining charisma, inspirational leadership and intellectual stimulation, this type of leader is able to cause a dramatic change in the way organizations work and achieves significant results. The organizational characteristics and the leader's charisma are key to how transformations take place in organizations. Transformational leaders attempt to overhaul the organizational culture or subculture and to make a difference in people's lives.

Within leader-follower relationships, the transformational leader "brings out the best of the followers"(A. Barker, 1990). Leader and subordinates communicate the values and the end goals of the system or organization (Bass, 1990). Transformational leadership as a theoretical concept was first defined by Burns (1978) and further expanded upon by Bass (1985). The transformational leader is an individual possessing the ability to create visions and have an impact on the organization. The effectiveness of organizations is related to the leader's ability to consistently demonstrate specific leader behaviors that are introduced into the culture of the organization (Bass, 1990). The effective transformational leader possesses the behaviors of individual consideration, charisma, and intellectual stimulation (Bass, Waldman, Avilio, & Bibb, 1987). Transformational leader focuses attention on specifics, risk taking, communication, trust, concern for the self-worth and empowerment of others (Dixon, 1999)). Goals and behaviors which promote growth in individual employees are supported by the transformational leader. Access to achievement of the individual and organizational goals is facilitated through the process of leadership (Bass, 1990). These leaders are able to get employees to aspire higher goals (Sashkin, 1987). According to Burns (1978) there are certain results that one would expect to see exhibited

in an organization under the leadership of a transformational person including high morale. Bass (1990) describes the Transformational leadership as "one who motivates us to do more than we originally expected to do". This can be attained by raising the followers' level of awareness and awareness related to the importance of outcomes, excelling self-interest for the sake of the organization and by altering the level of hierarchical needs (Maslow, 1954). According to Barker (1990) the Transformational leadership provides stimulation to attempt new behaviors, problem solve creatively, facilitate inquiry and curiosity. The central task of the leader is to "unfold a vision and to create a social architecture or culture that provides meaning for its members" (D. J. Barker, 1990).

Transformational leadership is extremely important for establishing a culture of excellence (Kramer, 1990; McClure, Pulin, Sovie, & Wandelt, 1983). Transformational qualities are more consistent for professionals and for work requiring high levels of decision-making and independence. This style of leadership is related to work satisfaction and higher productivity among employees (Bass, 1987; Medley, 1987).

To bring about the overhaul, transformations take place in one or more of three ways. According to DuBrin, 2012, transformations in organizations take place in the following three ways:

- I. The transformational leader raises awareness of the importance and value of certain rewards and how to achieve them.
- II. The transformational leader gets people to look beyond their self-interests for the sake of the work group and the firm.
- III. The transformational leader helps people go beyond a focus on minor satisfactions to a pursuit for self-fulfillment.

2.2 Organizational Effectiveness

Organizational outcomes such as profitability, productivity, quality, innovation, return on investment, efficiency, and competitiveness are often mentioned whenever it is discussed about organizational effectiveness. However, some authors have adopted a broader definition which adds financial and economic data with measures such as employee involvement and satisfaction, labor turnover and rates of sickness and absenteeism.

The effectiveness of organizations in achieving goals at the organizational level is called organizational effectiveness (Kim Cameron and David Whetten, 1983). The organizational effectiveness is also defined as the extent to which an organization fulfills the objectives (Thibodeaux & Favilla, 1995).

Effective organizations, as defined by Stone (1973) are “those that yield more and higher quality outputs and adjust more effectively to environmental and internal problems than do other similar organizations”. Cameron (1986) found a vast variety of criteria being used to measure organizational effectiveness. These criteria can be divided into five major effectiveness categories: attendance, productivity, attitudes, strategy, and management.

The Human Relations model is concerned with maximizing the return on investment in human resources. This model incorporates the values of an internal focus and a flexible structure. According to this model, organizations that strive for effectiveness are interested in providing employees with motivating work experiences, promoting cooperation among work units, and usually have quite advanced training and development systems. In the human relations model, employee development and satisfaction are more important than environmental demands (Hunt & Ph.D, 1977).

Cameron (1986) observed at 20 recent empirical studies from 1967 to 1978 from the point of view of the standards used by researchers to measure organizational effectiveness. Of the 43 conditions studied, only 9 overlapped. He then carried out two studies looking at effectiveness in higher education. The first study was to establish two instruments, and the second was to test them. As a result of these studies, effectiveness criteria were grouped into nine dimensions of organizational effectiveness.

Organizational effectiveness is the concept of how an organization is achieving that it intends to produce. Richard et al. (2009) have added that organizational effectiveness captures organizational performance plus the numerous internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations which are wider than those simply associated with economic valuation by shareholders, managers, or customers.

2.3 Measurement of Organizational Effectiveness

Till date numerous models have been used by the authors to measure organizational effectiveness and majority of them have been derived by inductive means. With few exceptions, models of organizational effectiveness have taken a decidedly macro approach, focusing their attention exclusively on such organization wide variables as profit, productivity, and so on. The dynamic links between individual behavior and organizational effectiveness have been largely ignored. Major dimensions of organizational effectiveness which have been studied by various authors are mentioned in Table 1.

Table 1 Major Dimensions of Organizational Effectiveness

Authors	Dimensions Studied
Georgopoulos & Tannenbaum (1957)	Productivity, Flexibility, Absence of organizational strain

Bennis (1962)	Adaptability, Sense of identity, Capacity to test reality
Blake & Mouton (1964)	Simultaneous achievement of high production-centered and high people-centered enterprise
Caplow (1964)	Stability, Integration, Voluntarism, Achievement
Katz and Kahn (1966)	Growth, Storage, Survival, Control over environment
Lawrence & Lorsch (1967)	Optimal balance of integration and differentiation
Yuchtman & Seashore (1967)	Successful acquisition of scarce and valued resources
Friedlander & Pickle (1968)	Profitability, Employee satisfaction, Societal value
Price (1968)	Productivity, Conformity, Morale, Adaptive
Mahoney & Weitzel (1969)	Productivity-support-utilization, Planning, Reliability, Initiative
R & D Model	Reliability, Cooperation, Development
Schein (1970)	Open communication, Flexibility, Creativity, Psychological commitment
Mott (1972)	Productivity, Flexibility and Quality, Adaptability
Duncan (1973)	Goal attainment, Integration, Adaptation 22 decision units
Gibsonetal. (1973)	Production, Efficiency, Satisfaction, Adaptiveness, Long-run Survival
Negandhi & Reimann (1973)	Manpower acquisition, Employee satisfaction, Manpower retention, Interpersonal relations, Interdepartmental relations, Manpower utilization
Child (1974,1975)	Economic index Growth in sales, Net profit
Webb (1974) D C	Profitability, Growth
	Cohesion, Efficiency, Adaptability

Source: Richard M. Steers (1975)

Leadership Style & Organizational Effectiveness

A study by Rodsutti & Swierczek, (2002) identified the key link of organizational effectiveness and leadership in Southeast Asia. Managers from 1,065 multinational companies based in Thailand and representing 31 diverse nationalities joined in the study. International leader behavior and organizational culture are found to affect an appropriate multicultural leadership style. Executive motivation is strongly impacted by this multicultural management style. Different views of organizational effectiveness, including return on assets, job satisfaction and personal satisfaction are linked to specific aspects of leader characteristics, organizational culture and multicultural management style.

More than 25 independent dissertations and projects have been completed in USA which talks about the relationship between the leadership style and organizational effectiveness. Widely celebrated cases of a direct leadership-performance link may be found in numerous anecdotal accounts of improvements of company performance attributed to changes in leadership (Nicholls, 1988; Quick, 1992).

2.4 Empirical review of literature

Neha Gupta (2014) in his study on the same subject in Jammu region concluded that transactional leadership style was more appropriate in inducing performance in Brick Kilns than transformational leadership style and suggested transactional leadership style for the Brick Kilns with integral strategies for transition to transformational leadership style as the companies developed, grew and matured. This implies that smaller organizations are more likely to adopt transactional leadership style than bigger organizations. This finding is consistent with that of Muchiri & Hazel, (2017) who investigated small scale enterprises in Nigeria. They found that while transactional leadership style had significant positive effect on effectiveness, transformational leadership style had positive but insignificant effect on effectiveness. Some other studies carried out by researchers have deviated from this conclusion. Peris M. Koech & Prof. G.S. Namusonge, (2012) in their study of the same topic in state corporations in Kenya found high (0.518 to 0.696, $P < .05$) correlations between the transformational leadership factors and organizational performance ratings, whereas correlations between the transactional leadership behaviors and organizational performance were relatively low (0.219 to 0.375, $P < .05$). By this, Peris M. Koech and Prof. G.S. Namusonge's findings is consistent with the intuition behind leadership styles in small scale enterprises and much larger organizations, as they explained in their conclusion. As organizations grow, leadership dynamics also change in response to organizational demands and vice-versa.

Raja & Palanichamy (2010) discovered the most chosen leadership behaviors among the transformational and transactional leadership styles and its effect on Employees' organizational commitment in BHEL. The research concluded that while the positional identity of the respondents had some important impact on leadership style perception and organizational commitment, salary did not appear to make a difference from among the sample respondents.

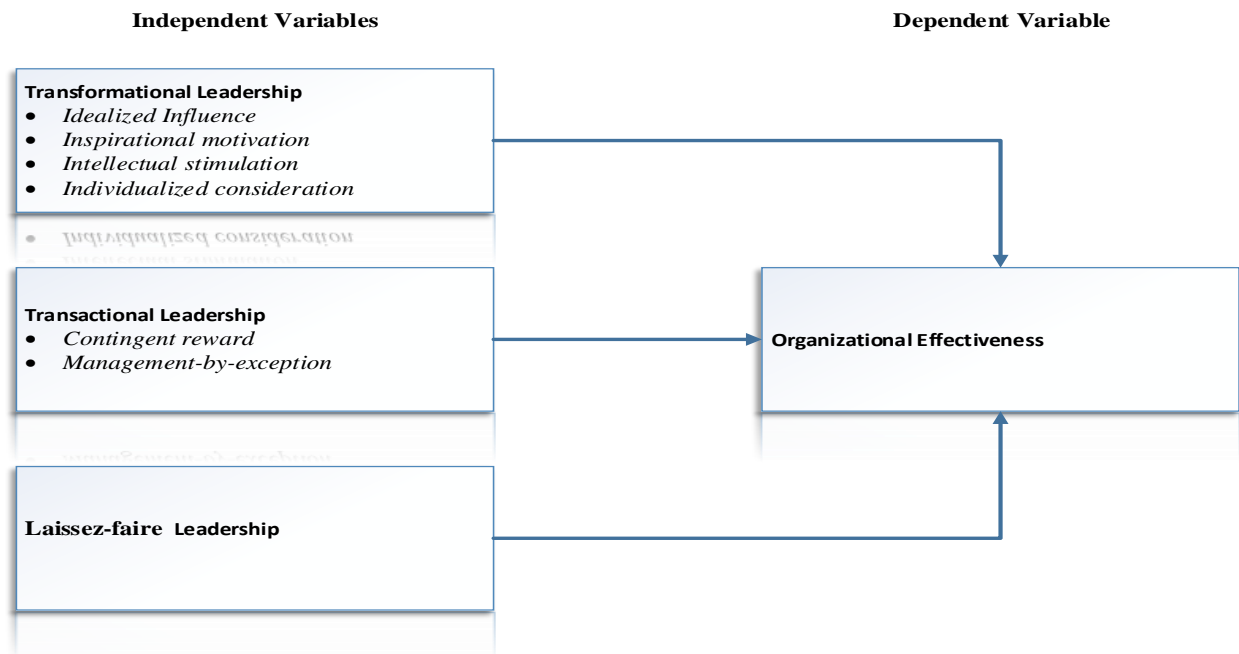
The study by Erkutlu, (2008) administered on a total of 722 subjects (60 managers and 662 non-managerial employees) from 60 boutique hotels (in Turkey) for the purpose of identifying Leadership Style and Organizational Effectiveness. Multifactor Leadership Questionnaire, Organizational Commitment Questionnaire and Job Descriptive Index, were used to evaluate leadership behaviors of the boutique hotels' first-line managers and commitment and satisfaction levels of employees, respectively. The findings of the study suggests that there exists significant relationship between leadership behaviors and both organizational and leadership effectiveness. The results support the suggestion in the literature that transformational leadership behaviors animate organizational commitment and job satisfaction in the hotel industry.

Moore (2007) study was for measuring the impact of leadership style on Organizational Effectiveness including the impact of leader gender, location, and size of territory served within United Way of America (a non-profit environment). Leadership was examined through the lens of the full range of leadership developed by Avolio & Bass (2004) including transformational, transactional, and passive avoidant leadership styles. The study indicated that the relationship between leadership style and organizational effectiveness is most impacted by leader gender and location. Critically, while the levels of organizational effectiveness were comparable for both genders, the range of effective leadership behaviors and styles was narrower for female leaders.

2.5 Conceptual Frame work

The organizational effectiveness which is the dependent variable in this study and leadership styles (Transformational leadership, Transactional leadership, and laissez-faire leadership) which are the independent variables. A conceptual framework has been constructed to show the link between the dependent and the independent variables.

Figure 1: Conceptual frame work



Source: Bass and Avolio (1990)

2.6 Research Hypotheses

H1: There is significant role of transformational leadership style on the organizational effectiveness of the Minaye PLC and Deluxe.

H2: There is significant role of transactional leadership style on the organizational effectiveness of Minaye PLC and Deluxe.

H3: There is significant role of Laissez-faire leadership style on the organizational effectiveness of Minaye PLC and Deluxe.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research design and approach

A non-experimental, descriptive-correlational study used to describe the perception of the leadership style of the Minaye PLC and Deluxe, organizational effectiveness the company, and the relationship that may exist between these variables. Descriptive co-relational designs were used when relationships between and among variables are being examined and described. Correlation designs examine the association between variables, such that as one variable changes, there is a relationship with the type and degree of change in another variable (Polit & Hungler, 1999; Nieswiadomy, 2002). The independent variables are: Transformational leadership, Transactional leadership, and Laissez-faire leadership perceived behaviors and the dependent variable was organizational effectiveness.

3.2. Data types, sources and methods of data collection

This study carried out using of primary data, which was collected by use of semi-structured questionnaires. The structured questions were used in an effort to save time and money as well as to enable an easier analysis as they are in immediate usable form. Leadership was described in terms of Bass' (1994) Multifactorial Leadership Questionnaire (MLQ) 5X. The MLQ 5X used to collect data regarding the independent variables: Transformational leadership, Transactional leadership and laissez faire leadership style.

In this study, organizational effectiveness was evaluated by using adopted questionnaire as a research instrument. The questionnaire uses —5-point Likert scale from: (1) Strongly Agree: (2) Agree (3) Neutral: (4) Disagree: (5) Strongly Disagree. Questionnaire was administered to employees in different departments of Minaye PLC and Deluxe. This questionnaire gave

importance to all factors relating to organizational effectiveness. The questionnaire included 18 questions. 2 questions relate to performance, 2 to motivation, 4 to strategy, 1 to creative synergy, 2 to engagement 3 to change and innovation, 2 to training and development, 1 to motivation and 1 to code of conduct. By relating all these questions, the study took an in-depth sight of the organization effectiveness.

3.3. Target population and sample design

The target population of this study were the head and members of finance, operations, human capital, customer service, sales and marketing, information and communications technology, material management, procurement and internal audit departments. The ten (10) departments were used in this study because different heads of departments (leaders) used different leadership styles. The target population of this study was therefore 110 heads of departments and their members in the two strategic business units of Minaye PLC and Deluxe.

The study will select the sample size using the formula:
$$n = \frac{z^2 * p(1-p) / e^2}{1 + (z^2 * p(1-p) / e^2 N)}$$

Where:

n is the required sample size

P is the percentage occurrence of a state or condition.

e is the percentage maximum error required

z is the value conforming to level of confidence required

N is number of populations

Random sample errors are inevitable whenever we are using a subset of your total population. For this reason, the percentage of maximum error used in this study is e=5% (Taherdoost, 2017).

The confidence level reveals how certain it can be that the true proportion of the total population would pick an answer within a particular range. The most shared confidence levels are 90%, 95%, and 99%. Most Researchers often use a 95% confidence level. This study also used a confidence level of 95%. the confidence level corresponds to something called a "z-score." A z-score is a value that shows the placement of the raw score, meaning the percent of your confidence level in any number of standard deviations below or above the population mean. Z-scores for the most common confidence intervals are: 90% = 2.576, 95% = 1.96, 99% = 2.576. In this study case a Z score of 1.96 is used (Taherdoost, 2017).

The other thing was needed to consider when calculating the sample size is the amount of variance expected to see among participant responses. Standard deviation scales how much individual sample data points deviate from the average population. Since it is difficult to know how much variance to expect, it is recommended in literatures to use the standard deviation of P 0.5 to make sure your group is large enough.

Therefore, using the above formula and data the sample size calculated was 86. The study used stratified random sampling in the selection of the sample size from the target population

3.4. Data analysis and presentation

Multiple linear regression analysis was used to study the variables. Multiple linear regression is an equation based on correlation statistics in which each predictor variable is entered into the equation to determine how strongly it relates to the outcome variable and how much variation in the outcome variable can be predicted by each independent variable (Polit & Hungler, 1999; Nieswiadomy, 2002). Quantitative data was analyzed by use of descriptive and inferential statistics through the help of Statistical Package for Social Sciences (SPSS) version 22. Descriptive statistics were given using percentages, mean and standard deviation while inferential statistics

was carried out using correlation analysis and multiple regression analysis. Research findings were presented using tables, chart and figures.

3.5. Validity and Reliability

According to Khotari (2004), reliability refers to consistency, where internal consistency includes correlating the responses to each question in the questionnaire with those other questions in the questionnaire. One of the most usually used indicators of internal consistency is Cronbach's alpha coefficient. According to Pallant (2005), the Cronbach's alpha coefficient of scales should be at least 0.70 and the higher the better. Therefore, as indicated on Table 2 below, the results for reliability test of Cronbach's Alpha Coefficients are above 0.7. Therefore, it was concluded that each variable represents a reliable and valid construct.

Table 2: Measurement of reliability Analysis

Reliability Statistics		
Variables	Cronbach's Alpha	N of Items
Transformational Leadership	.888	12
Transactional Leadership	.790	6
Laissez-Faire Leadership	.720	3
Organizational Effectiveness	.892	18

Source: Own Survey 2021.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Introduction

The objective of this study was to investigate the role of leadership on organizational effectiveness. For this reason, the research questions were developed and to find results quantitative research method was used. This chapter presents the analysis and interpretation of the data gathered by means of questionnaire. The chapter has six main sections. Section one discusses the demographic characteristics of respondents while section two encompasses details of questions sought to describe the leadership style which brings organizational effectiveness. Section three deals with the extent to which leadership style has more role on organizational effectiveness. Section four focuses on the significant relationship between leadership style and organizational effectiveness.

4.2. Response rate and Demographic data

A total of 2 questionnaires containing 50 items were distributed to the leaders and employees of Minaye PLC and Deluxe. From 86 questionnaires dispatched 81 were returned with a response rate of 94% and from this 3 of them were invalid. According to Mugenda (2003); Cooper and Schindler (2014), 50% response rate is adequate for analysis, while 60% is good and 70% excellent response rate for analysis. Therefore, the study's response rate of 94% which is excellent to proceed with data analysis.

The respondents were asked to indicate their personal background information before providing their response to the items prepared for the issue under study. The details of their characteristics are shown in the table below.

Table 3: Demographic Characteristics of Respondents

Factor	Category	Frequency	Percent (%)
Gender	Male	36	46.2
	Female	42	53.8
	Total	78	100.0
Age	25	4	5.1
	25-35	58	74.4
	36-45	16	20.5
	Total	78	100.0
Academic Qualification	Diploma	7	9.0
	Bachelor Degree	63	80.8
	Master's Degree	8	10.3
	Total	78	100.0
Level of Leadership	Senior Management	13	16.7
	Mid-level Management	30	38.5
	Line Management	26	33.3
	Senior Level employee	9	11.5
	Total	78	100.0
Service Years in Minaye PLC and Deluxe	Less than 3	14	17.9
	3-5	35	44.9
	5-10	29	37.2
	Total	78	100.0

Table 3 indicates that the majority participants on this study were female (53.8%). This shows that the numbers of female employees in Minaye PLC and Deluxe are higher than male employees. Whereas the age diversity in the organization, the majority respondents age was between 25 to 35 years which 74.4%. And others which constitute 20.5% lie in age between 36 to 45 years. This implies Minye PLC and Deluxe have younger staffs which can contribute for longer time if engaged properly there by bring the organizational effectiveness.

The academic qualification of the respondents were 7(9%) diploma holders, 63 (80.8%) first degree graduates and 8(10.3%) Master's degree holders. This shows most of the participants are first degree holders. Regarding the level of leadership from respondents 16.7% are senior managers,38.5% are mid-level managers, 33.3% are line managers and 11.5% are senior staffs.

As far as tenure is concerned the majority of the respondents stayed in the organization from 3 to 5 years which is 44.9%. whereas those who stayed from 5 to 10 years constitute 37.2%. the least share is those who stayed less than 3 years (17.9%). Therefore, most of the respondents are familiar with the organization that implies they know more about the strategies followed so far.

4.3. Descriptive Analysis

Tables 4 show the descriptive statistics for the variable measures for Leadership Styles and Organizational Effectiveness used in the study. The 5-point Likert type responses (0=Not at all, 1=Once in a while; 2=Sometimes; 3=Fairly often; 4=Frequently, if not always) for independent variables instruments were scored. Whereas for the dependant variable a 5-point Likert scale with scale point responses ((1) Strongly Agree: (2) Agree (3) Neutral: (4) Disagree: (5) Strongly Disagree) were also scored. According to instrument specifications, as mean measures for each variable with a minimum value of 0 and a maximum of 4 and a minimum value of 1 and a maximum of 5 are set for both independent and dependent variable respectively.

Transformational leaders are leaders that are perceived by the responders to be admired, respected and trusted; motivate those around them; stimulate innovation and creativity; pay attention to individuals' growth and achievement. Transactional leaders give acknowledgement when goals are reached; specify the standards for compliance taking remedial action as quickly as possible. Laissez-faire leaders, however, avoid getting involved in urgent issues and making decisions (Bass, 1999).

As it is summarized in Table 4 the descriptive statistic of all of the three leadership styles was analyzed. The transformational leadership style has got higher aggregate mean of 3.56 with a minimum of 2.83 and maximum of 4.00 scales. This shows majority of the respondents gave higher scale for transformational leadership style. Transactional leadership style has got an aggregate mean of 2.45 with a minimum scale of 2.00 and a maximum of 3.33. The result illustrates that the participants moderately agree on transactional leadership style. Whereas most of the respondents gave smaller scale for laissez-faire leadership style. Laissez-Faire leadership style scored an aggregate mean of 1.35 with a minimum of 1 and a maximum of 2. This indicates the participants were not interested in Laissez-Faire leadership style.

The descriptive statistics result shows the dependent variable, Organizational Effectiveness, scored a higher result of an aggregate mean of 3.88 with a minimum result of 2.56 and maximum of 4.78. This expresses that according to the respondents the organization is effective basing the measures that were used in the questionnaire.

Table 4 Descriptive Analysis

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Transformational Leadership	78	2.83	4.00	3.5652	.31054
Transactional Leadership	78	2.00	3.33	2.4466	.36286
Laissez-Faire Leadership	78	1.00	2.00	1.3547	.38492
Organizational Effectiveness	78	2.56	4.78	3.8754	.45621
Valid N (listwise)	78				

4.4. Correlation Analysis

The collected data are further analyzed using the Bivariate Correlation test. The Bivariate Correlation test calculates Pearson's correlation coefficient, and measures how variables or rank orders are related. The correlation coefficient value (r) ranges from 0.10 to 0.29 is taken as weak, from 0.30 to 0.49 is taken as medium and from 0.50 to 1.0 is considered strong.

Table 5 shows correlations for the variables in the study. Transformational leadership was significantly and strongly correlated to Organizational effectiveness variables ($r= 0.808$, $P<0.01$). And also, Transactional leadership correlates positively but weakly with 2-tailed significance. ($r=0.253$, $P<0.05$). Whereas the Laissez-faire approach were insignificantly correlated ($r=0.01$, $P=0.884$).

Table 5: Correlations

	Transformational Leadership	Transactional Leadership	Laissez Faire Leadership	Organizational Effectiveness
Transformational Leadership	1	.220	.018	.808**
		.053	.873	.000
	78	78	78	78
Transactional Leadership	.220	1	.024	.253*
	.053		.836	.026
	78	78	78	78
Laissez-Faire Leadership	.018	.024	1	.017
	.873	.836		.884
	78	78	78	78
Organizational Effectiveness	.808**	.253*	.017	1
	.000	.026	.884	
	78	78	78	78

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

***.** Correlation is significant at the 0.05 level (2-tailed).

4.5. Regression Analysis

Assumptions of the Linear Multiple Regression Model

When choosing to analyze the data using multiple regression, part of the process involves checking to ensure that the data that is needed to analyze can actually be analyzed using multiple regression. It is only appropriate to use multiple regression if the data "passes" eight assumptions that are required for multiple regression to give a valid result.

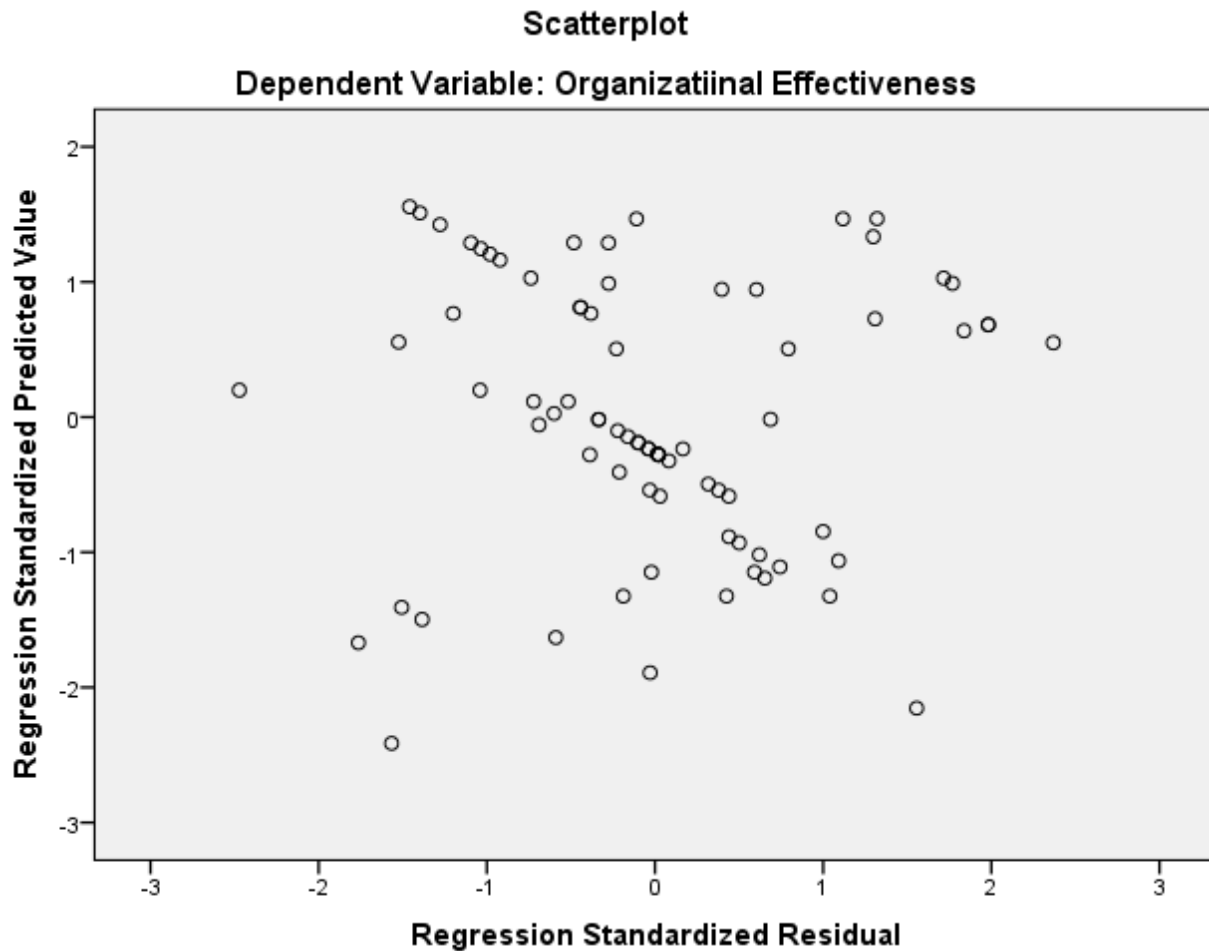
Assumption #1: The dependent variable should be measured on a continuous scale (i.e., it is either an interval or ratio variable). Since the independent variable is continuous this assumption is fulfilled.

Assumption #2: There must be two or more independent variables, which can be either continuous (an interval or ratio variable) or categorical (an ordinal or nominal variable). This assumption is also met since the independent Variables are three and continuous.

Assumption #3: There should be independence of observations (independence of residuals), which you can easily check using the Durbin-Watson statistic, which can be tested to run using SPSS Statistics. The Durbin-Watson statistic will always have a value between 0 and 4. A value of 2.0 means that there is no autocorrelation detected in the sample. Values from 0 to less than 2 indicate positive autocorrelation and values from 2 to 4 indicate negative autocorrelation. In this Study the Durbin-Watson value is .726.

Assumption #4: There needs to be a linear relationship between (a) the dependent variable and each of the independent variables, and (b) the dependent variable and the independent variables collectively. Whilst there are a number of ways to check for these linear relationships, it is recommended creating scatterplots and partial regression plots using SPSS Statistics, and then visually inspecting these scatterplots and partial regression plots to check for linearity. This is shown in the figure below.

Figure 2: Check of Assumptions of Linearity and Homoscedasticity



Assumption #5: The data needs to show homoscedasticity, which is where the variances along the line of best fit remain similar as it moves along the line. This assumption variance was assessed by visually inspecting results of the scatter plot (Figure 2) of the standardized residuals (ZRESID) on the X-axis against the standardized predicted values (ZPRED) on the Y-axis.

Assumption #6: The data must not show multicollinearity, which occurs when there are two or more independent variables that are highly correlated with each other. This leads to problems with

understanding which independent variable contributes to the variance explained in the dependent variable, as well as technical issues in calculating a multiple regression model. Absence or presence of multicollinearity can be determined by an assessment of the Tolerance or Variance Inflation Factor (VIF) values (Table 6). A tolerance of less than 0.20 or 0.10 and/or a VIF of 5 or 10 and above indicates a multicollinearity problem (O'Brien, 2007). The VIF statistic was 1.001 and the Tolerance value was 0.967; generally, only one of these statistics needs to be reported.

Table 6: Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Transformational Leadership Style	.951	1.051
Transactional Leadership Style	.951	1.051
Laissez-faire Leadership Style	.999	1.001
a. Dependent Variable: Organizational Effectiveness		

Source: own survey (2021)

Assumption #7: There should be no major outliers, high leverage points or highly influential points. Outliers, leverage and influential points are different terms used to indicate observations in the data set that are in some way unusual when performing a multiple regression analysis. These different classifications of unusual points reflect the different impact they have on the regression line. An observation can be categorized as more than one type of unusual point. However, all these points can have a very negative result on the regression equation that is used to predict the value of the dependent variable based on the independent variables. This can alter the output that SPSS Statistics produces and reduce the predictive accuracy of the results as well as the statistical significance. Luckily, when using SPSS Statistics to run multiple regressions on the data, it can find possible outliers, high leverage points and highly influential points. This is shown in Table 7.

Table 7: Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.9810	4.4518	3.8754	.37046	78
Residual	-.67131	.64325	.00000	.26625	78
Std. Predicted Value	-2.414	1.556	.000	1.000	78
Std. Residual	-2.472	2.368	.000	.980	78

a. Dependent Variable: Organizational Effectiveness

Source: own survey (2021)

Assumption #8: Finally, it is important to check that the residuals (errors) are approximately normally distributed. Two common methods to check this assumption include using: (a) a histogram (with a superimposed normal curve) and a Normal P-P Plot; or (b) a Normal Q-Q Plot of the studentized residuals. The histogram (Figure 3), and the normal probabilities plot (Figure 4), were inspected to determine normality of distribution of residuals. Indication of skewness happens when the histogram shows an absence of symmetry such as when the bars of the histogram cluster to the left (positive skewness) or to the right (negative skewness), or when the residuals deviate from the regression line in the P-P Plot (i.e., the normal probability plot). Nonexistence of symmetry was observed in the histogram, while the residuals were roughly distributed along the opposite points of the regression line.

Figure 3: Histogram (Check of Normality of Distribution)

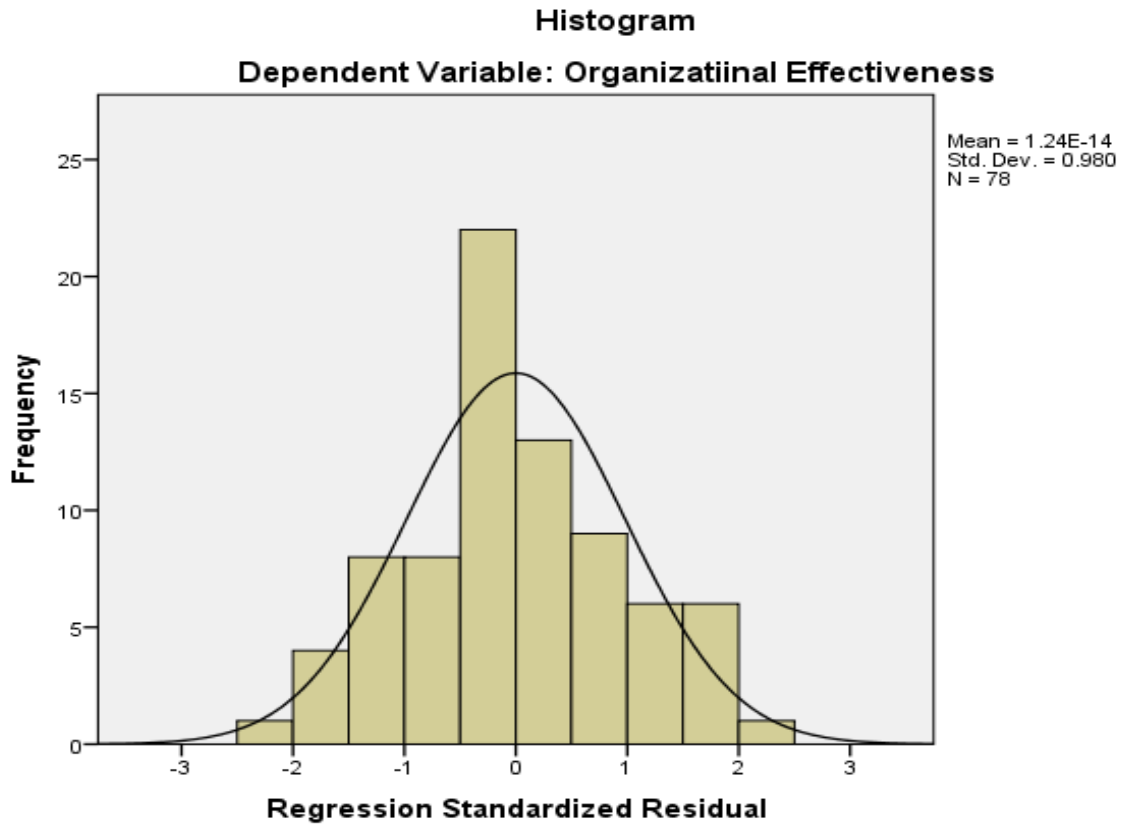
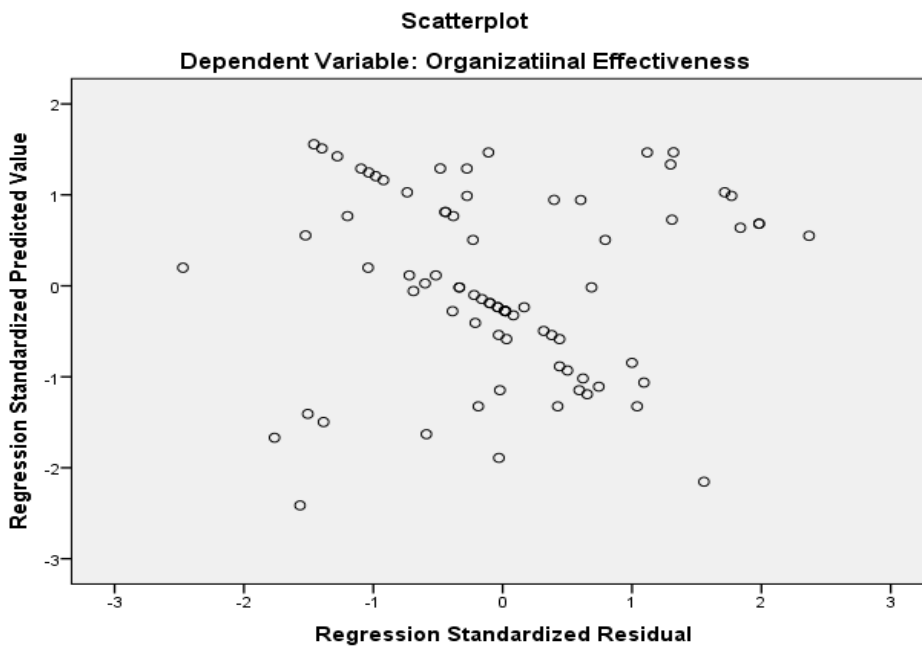


Figure 4: Normal P-P (Probability) Plot (Check of Normality of Distribution)



Examination of the Regression Model

Multiple linear regression models are used to examine the relationship between a single outcome measure (the dependent variable) and several independent variables. The statistical analysis for the current research was carried out using multiple linear multiple regression. In Model the independent variables, Transformational Leadership Style, Transactional Leadership Style and Laissez-Faire Leadership style were linearly regressed against the dependent variable, Organizational Effectiveness.

The general predictive validity of the multiple linear models was verified for statistical significance at the $\alpha = .05$ ($p = .05$) level of significance so that if $p < .05$, then the hypothesis of statistically significant relationship between the independent and the dependent variables was accepted. The p -value for each hypothesis verified was used to draw a conclusion about the relationship between the Transformational Leadership Style, Transactional Leadership Style, Laissez-Fair Leadership style and Organizational Effectiveness variables, based on the perceptions of Minaye PLC and Deluxe employees.

The Model Summary output was examined for the fit of the model to the data, which would allow a determination to be made as to whether there was a statistically significant relationship between or among the variables. In particular, the statistics that were inspected to accept or reject the hypotheses were R , R -square (R^2), and adjusted R-square (R^2_{adj}).

The R statistic. The strength and size of a correlation between the independent variable and the dependent variable is reflected in a coefficient that ranges from -1.00 to +1.00. The

correlation coefficient R was observed for strength and direction of the relationship. A statistic that is closer to +1 or -1 indicates a strong positive or negative relationship; lower coefficients indicate weaker relationships between the independent variable and the dependent variable.

The R-squared statistic. The result of the regression analysis was the R -squared (R^2) value, which scales the explanatory or predictive power of a regression model. It is a goodness-of-fit measure that designates how well the linear regression equation fits the data (Lewis-Beck et al., 2004). The R^2 statistic demonstrates the percentage of the independent variables that explain variances in the dependent variable; constructed on whether these variances are statistically significant or not, predictions can be made about the ability of the independent variables to predict the dependent variable (Pahnila et al., 2007). The R^2 statistic ranges from 0 to 1.00, and an R^2 value that is closer to 1.00 indicates the explanatory power of the independent variables to predict or explain the dependent variable (N. Takeuchi, T. Takeuchi, 2013).

The adjusted R-squared (*adj. R²*). This statistic delivers an approximation of the amount of an effect, if one exists in the sample; additionally, *adj. R²* is tested for the degree of freedom. The *adj. R²* ranges from 0.00 to 1.00. Statistics that are closer to zero indicate a smaller effect size, and a statistic of 0.00 indicates that no effect exists in the sample. Lewis-Beck et al. (2004) explained that rarely with real world data do these statistics reach these extreme values (i.e., 1.00 or 0.00).

The F -test (or F -ratio). This statistic is given in the ANOVA table, which is a portion of the regression output. The F -test is serves for testing the hypotheses regarding variances; for example, it is used to test whether two variances are equal. If the hypotheses were true, then the ratio would be near to one (1.00). The farther away that the F -ratio is from 1.00, the stronger the sign is for support of the substitute hypothesis. This test is also served in the analysis of variance (ANOVA), and in relative to the residuals and regression analysis by means of the R correlation and the R squared values. In this study, a confidence level of significance ($p < .05$) was used to accept or reject each of the hypotheses.

Testing of the Hypotheses

The hypothesis made in chapter two were presented as follows:

H1: There is significant role of transformational leadership style on the organizational effectiveness of the Minaye PLC and Deluxe.

H2: There is significant role of transactional leadership style on the organizational effectiveness of Minaye PLC and Deluxe.

H3: There is significant role of Laissez-faire leadership style on the organizational effectiveness of Minaye PLC and Deluxe.

Results of Hypotheses Testing

Linear multiple regression analysis was used to test the hypotheses by evaluating the relationship between the dependent variable, Organizational Effectiveness, and Transactional, Transformational Leadership styles and Laissez-Faire Leadership styles. Results of the linear multiple regression (Model 1) indicated that the data were a good fit for the model ($R^2 = 0.659$) because its significance level $P < 0.05$. An examination of the summary of the Linear regression model (Table 8), and the ANOVA table (Table 9), which shows the various sums of squares and the degrees of freedom associated with the model, were examined for statistical significance and are indicated as follows:

Table 8: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin-Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.812 ^a	.659	.646	.27159	.659	47.753	3	74	.000	.726

a. Predictors: (Constant), Laissez-faire Leadership Style, Transformational Leadership Style, Transactional Leadership Style

b. Dependent Variable: Organizational Effectiveness

Source: own survey (2021)

Table 9: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.567	3	3.522	47.753	.000 ^b
Residual	5.458	74	.074		
Total	16.026	77			

a. Dependent Variable: Organizational Effectiveness

b. Predictors: (Constant), Laissez-faire Leadership Style, Transformational Leadership Style, Transactional Leadership Style

Source: own survey (2021)

Tests of Hypothesis.

When $p < .05$, statistical significance is indicated, and the hypothesis is accepted, the results for Model 1 were: $F = 47.753$, $p = .000$ ($p < .05$); $R = .812$, $R^2 = .659$, $R^2_{adj.} = 0.646$.

The Coefficients output (Table 10) was examined in order to understand the unique contribution that each independent variable made to the prediction of the dependent variable. As shown in Table 10, in the final model, only Transformational Leadership Style was statistically significant recording a higher beta value ($Beta = .791$, $p < .05$) than the Transactional Leadership Style scale ($Beta = .079$, $p > .05$, $p = .263$).

Table 10: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.510	.394		-1.296	.199
Transformational Leadership Style	1.162	.102	.791	11.374	.000
Transactional Leadership Style	.099	.087	.079	1.129	.263
Laissez-faire Leadership Style	.000	.080	.000	.005	.996

a. Dependent Variable: Organizational Effectiveness

Source: own survey (2021)

Table 11: Summary of Hypotheses Testing

Description	Analytical Model	Outcomes
H1 (There is significant role of transformational leadership style on the organizational effectiveness of the Minaye PLC and Deluxe)	Correlation and regression	Accepted
H2 (There is significant role of transactional leadership style on the organizational effectiveness of Minaye PLC and Deluxe)	Correlation and regression	Rejected
H3 (There is significant role of Laissez-faire leadership style on the organizational effectiveness of Minaye PLC and Deluxe)	Correlation and regression	Rejected

Source: own survey (2021)

4.6. Discussion

In this study, the role of leadership styles on organizational effectiveness were focused. It was found that organizational effectiveness was closely affected by leadership styles. All the components of Transformational leadership that are idealized influence (attributed), idealized influence (behavior), inspirational motivation, intellectual stimulation, and individualized consideration are related positively to organizational effectiveness whereas the laissez-faire leadership style has no relation or weak relation. These findings are consistent with previous research suggesting that transformational leadership has more role on organizational effectiveness, while transactional and laissez-faire leadership styles resulted in a weaker role on organizational effectiveness (Bass, 1990; Northouse, 2010; Testa, 2002; Yukl, 2006).

In this study, Transformational leadership style has the highest positive correlation with the dependent variable: Organizational effectiveness. Laissez-faire has no relationship. When leaders practice individualized consideration, they pay attention to their followers' needs, show empathy and encourage personal development and expression. When leaders show understanding and support, followers are likely to be interested in and focus on their tasks instead of on extraneous

worries; they are likely to take risks and explore new approaches (Amabile, 1996). Followers' feelings of enhanced competence, and their perceptions of personal discretion and responsibility, are likely to boost their intrinsic motivation (Ryan & Deci, 2000); this in turn results in heightened satisfaction and commitment (Amabile, 1996). If subordinates perceive their leaders as change agent who are good role models, who can create and articulate a clear vision for an organization, who empower subordinates to achieve at higher standards, who act in ways that make others want to trust them, and who give meaning to organizational life, it may rise their own satisfaction and commitment. This by itself may lead to higher organizational effectiveness. On the contrary, relying on mostly transactional or laissez-faire leadership behaviors may lower subordinate satisfaction and effectiveness in the organization.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1. Introduction

This study investigated whether there was a statistically significant relationship between Leadership styles (the independent variables) and Organizational Effectiveness (the dependent variable). The data in the study represented the leaders and employees' perspective of leadership style and organizational effectiveness of Minaye PLC and Deluxe.

The purpose of this Chapter is to summarize the results of analyses concerning the study, which were reported in Chapter 4. The research problem is reintroduced, an overview of the literature review is presented, and the research questions and hypotheses are restated. Limitations

of the study are articulated, implications for practice are offered, and recommendations for future research are suggested, followed by concluding remarks.

5.2. Summary on Findings

During start the aim of the study was to seek and investigate basing the research questions namely; What is the type of leadership style followed in Minaye PLC and Deluxe? What is the degree of organizational effectiveness in Minaye PLC and Deluxe? What is the relationship between leadership style and organizational effectiveness? Which leadership style is appropriate for each strategic business units in relation with organizational effectiveness? Therefore, findings are summarized as below.

The demographic analysis regarding the age group in the organization, the majority respondents' age group was between 25 to 35 years old which 74.4% is followed by those 36 to 45 years old which is 20.5%. It was also necessary for the study to determine the academic levels of the respondents as most of the participants are Degree holder (80.8%), Diploma holders are 9%, and Second Degree are 10.3%. The tenure in the organization was also computed and found to be, 44.9% of the respondents worked from 3-5 which is followed by 37.2% worked 5 to 10 years, and 17.9% worked 1 up to 3 years.

As discussed above, the mean scores can also be used to identify the practice of leadership Style in Minaye PLC and Deluxe. Accordingly, the overall dimensions of respondents (mean score) of leadership styles were computed in order to identify the practice of leadership style in the organization.

Thus, based on the findings of the study, mean score of Transformational Leadership style was calculated to be 3.57, which is included in high range, mean score of Transactional Leadership

style was computed to be 2.45, which is included in moderate range and also, the mean score of Laissez-Faire Leadership style was calculated to be 1.36 which is included in low range.

Based on the participants' response, the mean score on the organizational effectiveness shows that the level of Organizational Effectiveness in Minaye PLC and Deluxe is 3.88 which is included in high range.

The result of Pearson correlation revealed that significant and positive relationship is found between Leadership style and Organizational Effectiveness which is Transformational leadership was seen to have a positive effect on the significant subscales of organizational effectiveness by .808 at p value=.000. Transactional leadership also had a positive effect on organizational effectiveness by 0.253 at p value=.026, $p < 0.05$ and also Laissez-faire leadership had insignificant a positive effect on organizational performance by 0.017 at p value=0.884. Only Transformational Leadership dimension has a strong and significant relationship from the three dimensions of leadership style to the Organizational Effectiveness.

The result of the multi regression analysis shows that the model that was used good fit for the data which is the R square (R^2) explain that 65.9% change in Organizational Effectiveness can be predicted by the leadership styles. With respect to the coefficients of regression analysis, Organizational Effectiveness can be predicted by each leadership styles; that is, Transformational leadership style explains 79% ($\beta=0.79$), Transactional leadership style explains 7.9% ($\beta=0.079$) and Laissez-fair leadership style explains 0.0% ($\beta=0.000$).

5.3. Conclusion

Leaders use different leadership styles to influence subordinates and to accomplish their objective in organizations. Performing in ways that motivate and inspire those around them, paying attention to each individual's needs for achievement and growth, creating a supportive

organizational climate, recognizing individual differences in terms of needs and desires, motivating a two-way exchange in communication, and actively hearing to subordinates' worries and opinions are examples of transformational leadership behaviors that are relationship-oriented.

On the other hand, punishing and taking back rewards or promotions are good examples of transactional leadership behaviors that are task oriented. Absence of leadership is the laissez-faire style. Relying on either the laissez-faire style of leadership by fore granting a "Let things go by themselves" method or the transactional style of leadership by saying "I am the superior to these employees and can punish them if they disobey" may cause negative effects in organizations. As per the research on leadership styles, including this research, such leadership style may lead to low satisfaction and engagement in subordinates, disrupt and a high turnover rate. On the contrary, using mostly transformational leadership behaviors may result in positive effects such as high satisfaction and engagement, high motivation and high efficiency levels in subordinates.

The study concludes that transformational leadership has a positive and significant effect on the organizational effectiveness of Minaye PLC and Deluxe. The study found that idealized influence, inspirational motivation, intellectual stimulation and individualized consideration have a significant effect of organizational effectiveness.

The findings of this study have many practical implications. First, the results suggest the need for more transformational leaders in manufacturing organizations. Since transformational leadership has been shown to be positively related with Organizational Effectiveness. Second, if transformational leadership can be taught to individuals at all levels within an organization, it can positively affect a firm's effectiveness (Bass and Avolio, 1990; Pounder, 2003). Finally, it can be used in human capital fulfilment, selection, promotion, training, and development.

Transformational leadership style can also be used in enhancing team development, in decision-making team, and in showing quality initiatives and reorganization (Bass and Avolio, 1994).

Leaders in a manufacturing and organization should try to: use transformational leadership behaviors rather than transactional leadership behaviors and avoid laissez-faire approach; create a vision giving followers a sense of identity and meaning within the organization; become strong role models for their followers by developing set of moral value and expressing strong ideals; act as change agents who initiate and practicing new paradigms within organizations; and provide a supportive climate in which they listen carefully to the individual needs of followers and act as team leaders and advisers while trying to assist individuals in becoming fully actualized.

Leadership is at the heart of effective management. Whether known or unknown, the practice and attitudes of those in positions of authority affect the actions and attitudes of employees. This study has provided compelling evidence for the importance of continuing the hard work to recognize the nature of the leadership behaviors-effectiveness relation. If we are to meet our goals in our efforts to shape healthy, workable organizations, we must continue to invest in the development of transformational leaders who understand and appreciate the people that are at the center of their success. In conclusion, leaders in organizations should be conscious of their leadership styles. In addition, to search which leadership behavior is effective in which leadership level and in which job, to see how efforts to modify leadership styles affect leadership and organizational effectiveness, and to take some remedial measures when leadership conduct does not match organizational standard will lead to organizational success in changing business environment.

5.4. Recommendations

Based on the major findings and the conclusions made, the practice of leadership style is found to be Transformational Leadership style. Therefore, the management of Minaye PLC and Deluxe need to work on engaging employees in decision making process, the leaders have to communicate their subordinates positively and be supportive to them as much as possible, they have to provide responsibility to their subordinates, trainings have to be given to the leaders in order to make aware about the characteristics of transformational leader.

By taking note that there is strong relationship between leadership style and organizational effectiveness in Minaye PLC and Deluxe. Therefore, the management of the organization has to make various efforts to keep more exercise of appropriate leadership style in order to sustain and boost the organizational effectiveness. The study found at that Transactional leadership style and Laissez-faire Leadership style has low role but Transformational leadership has relatively higher role on organizational effectiveness in case of Minaye PLC and Deluxe. Therefore, the management of the organization need to champion even more Transformational Leadership style since it has more role on meeting organizational effectiveness.

5.5. Limitations of the study and suggestions for future study

The findings of this study highlight the role of Leadership style on Organizational effectiveness in Minaye PLC and Deluxe; there is a question about the generalizability of these findings to other furniture manufacturing and sales organizations. Would other organizations with a history of business difficulties produce similar results? Probably, an organization's environmental and historical contexts play a role in the relationship between leadership behaviors and effectiveness. Future field studies could address this question. Longitudinal research could help to clarify how the relationship between leadership styles and organizational effectiveness operates over time. Undoubtedly, changes would occur in how leadership styles and organizational leadership

effectiveness impact through such various stages in the life cycle of an organization as growth, decline, mergers etc.

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Appendix 1



Dear respondents,

I am conducting a research for the partial fulfillment of the requirement of master's degree in Business leadership. The aim of the study is measuring the role of leadership on organizational effectiveness.

This is therefore in request of your cooperation to spend your valuable time in responding the questioners attached herewith. Your honest and neutral responses make the research more valuable and will be used only for academic purposes and also will be kept confidential.

There is no need to write your name.

I thank you in advance for your time!

Part I: General Information about the Respondents

1. Work unit: _____
2. Position: _____
3. For the following questions, please put “tick mark” (√) in the boxes provided.
4. Age: Less than: 25 25-35 36-45 more than 45
5. Gender: Male Female
6. Academic qualification:
Diploma Bachelor’s Degree Master’s degree PhD Degree &Above
7. No. of service years in Minaye PLC or Deluxe:
Less than 3 3-5 5-10 More than 10
8. No. of service years in the current position.
Less than 3 3-5 5-10 More than 10

Part II: Leadership Style Measures

Instructions: This questionnaire provides a description of your leadership style. Twenty-one descriptive statements are listed below. Judge by ticking (✓) the rated numbers how frequently each statement fits you. The word “others” may mean your followers, clients, or group members.

KEY: 0 = Not at all, 1 = Once in a while, 2 = Sometimes, 3 = Fairly often, 4 = Frequently, if not always

No.	Questions	Key				
		0	1	2	3	4
1	I make others feel good to be around me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	I express with a few simple words what we could and should do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	I enable others to think about old problems in new ways.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	I help others develop themselves.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	I tell others what to do if they want to be rewarded for their work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	I am satisfied when others meet agreed-upon standards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	I am content to let others continue working in the same way as always.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Others have complete faith in me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	I provide appealing images about what we can do.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	I provide others with new ways of looking at puzzling things.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	I let others know how I think they are doing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	I provide recognition/rewards when others reach their goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	As long as things are working, I do not try to change anything.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Whatever others want to do is O.K. with me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	Others are proud to be associated with me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	I help others find meaning in their work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	I get others to rethink ideas that they had never questioned before.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	I give personal attention to others who seem rejected.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	I call attention to what others can get for what they accomplish.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	I tell others the standards they have to know to carry out their work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

21 I ask no more of others than what is absolutely essential.

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Part III: Organizational Effectiveness Measures

This part of the questionnaire aims to measure the organizational effectiveness of Minaye PLC and Deluxe. Therefore, please put a “Tick” mark (✓) on the numbers that you think it represents your opinion best after reading the questionnaire. Responses to each item are measured on a 5-point Likert scale with scale point anchors labelled: (1) Strongly Agree: (2) Agree (3) Neutral: (4) Disagree: (5) Strongly Disagree.

No.	Questions	Scale			
		1	2	3	4
1	The organizational strategy is aligned to the overall core values, missions, and visions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The organizational strategies are performed in a way of addressing the financial goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Employees are well trained to understand the overall organizational strategies and work towards its achievement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Highly engaging the employee to achieve organizational objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Highly engaged in building the employee’s leadership capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	The organization has well designed plan and strategies to enhance workplace productivity and performance culture.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Working to strengthening the culture of collaboration amongst the employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	The organization is very open for change and building resiliency in the long-term.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	Creates a conducive environment for innovation and learning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	Nurturing the employees thinking and behaviors towards innovation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	Building employee’s skill for innovation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	Has a motivation and rewarding mechanism for innovative ideas and performances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13	Building well functional systems and structures within the organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14	Train and capacitate its employees to understand and contribute towards well functional organizational structure and systems.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	The organization invest in well targeted and high-impact development of its employee's.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	It creates productive and performance-based working environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17	Has a mechanism to monitor the fulfillment of the overall organizational strategy within the day-to-day operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Has a clear code of conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>