



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**The Effect of Leadership Style on Employee Motivation: The Case of Coca Cola Company**

A research project submitted to Addis Ababa University, School of Commerce in partial fulfillment of the requirements for the Degree of Master of Arts in Business Leadership under the supervision of Bantie W. (PHD)

**By:** Estifanos Gezahegn

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COLLEGE OF BUSINESS AND ECONOMICS

POST GRADUATE PROGRAM

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Company

By: Estifanos Gezahegn

**APPROVED BY**

_____	_____	_____
Advisor	Signature	Date

_____	_____	_____
Internal Examiner	Signature	Date

_____	_____	_____
External Examiner	Signature	Date

_____	_____	_____
Department Chairperson	Signature	Date

**DECLARATION**

I declare that this thesis project “The Effect of Leadership Style on Employee Motivation: The Case of Coca Cola Company” is my own work and has not been submitted by another university for a degree.

**Declared by:**

\_\_\_\_\_

Name

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

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## **ABSTRACT**

*The main objective of the study was to understand the effect of leadership style on motivation in the case of Coca Cola Company. In order to do this, a Likert scale questionnaire was prepared and distributed to the employees of Coca-Cola. It was found that transformational leadership style has the highest positive effect on motivation, transactional leadership style has the most negative effect on motivation and laissez faire leadership style has a negative effect on motivation and a positive effect on extrinsic motivation. The study also found a strong relationship between transformational leadership style, laissez faire leadership style, transactional leadership style and the motivation of Coca Cola employees and explains 56.9% of the deviation in their motivation. It was also found that transformational leadership style dominates the company.*

**Keywords:** Transformational leadership style, Laissez faire leadership style, Transactional leadership style, motivation

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# **CHAPTER ONE**

## **INTRODUCTION AND BACKGROUND**

### **INTRODUCTION**

This chapter presents an overview of the entire study. It consists of background of the study, statement of the problem, objective of the study, research question, and significance of the study and scope of the study.

#### **1.1. BACKGROUND OF THE STUDY**

Leadership is the art of motivating a group of people to act toward achieving a common goal. In a business setting this means, directing workers and colleague with a strategy to meet the company's goal. The leader is the inspiration for and director of the action. They are the person in the group that possesses the combination of personality and leadership skills to make others want to follow their direction.

Leaders encounter different challenges in motivating employees for the better achievement of organizational goal. Therefore, leaders should have better understanding of their employee's needs and motivation.

Employee motivation is the level of energy, commitment, and creativity that the company workers bring to their job (Inc. Editorial, 2020). Methods for motivating employees, is an intrinsic and internal drive, to put forth the necessary effort and action towards work related activities. It has been broadly defined as the intrinsic push that lead the way individual in an organization, a person's level of effort and a person's level of persistence. Also "motivation" can be thought of as a willingness to expend energy to achieve a goal or a reward. Leadership has been identified by

many scholars in different time all over the world. In the recent years,

Leadership has been a subject of much debate and deliberation and how the different styles of leadership evoke different responses from followers. In corporate context the dynamics of these two entities 'the leader' and 'the led' play a key role in shaping the destiny of the organization (Gobal, & Chowdhury, 2014). Leadership has been a subject of much debate and deliberation and how the different styles of leadership evoke different responses from followers. In corporate context the dynamics of these two entities 'the leader' and 'the led' play a key role in shaping the destiny of the organization (Gobal, & Chowdhury, 2014). Different leadership styles are used that fit to employees on the basis of amount of directions, empowerment, and decision-making power (Iqbal n et al., 2015). The different styles of leadership have a great influence on motivation since the way to motivate employees differ from person to person, organization to organization because of their personal traits and beliefs and also the organizations culture. According to Guay (2010), motivation simply can be defined as the act of providing motive that causes someone to act

Motivating employees is a crucial leadership task, as motivation translates employees' knowledge, skills and abilities into effort and performance by determining the direction, intensity, and duration of work-related behaviors. Motivation is defined as the reasons underlying behavior. Leaders should be aware of which leadership style is suitable with the organization's culture and identify whether intrinsic or extrinsic motivation is in need.

## **1.2. BACKGROUND OF THE ORGANIZATION**

Coca-Cola was first bottled in Ethiopia's capital Addis Ababa in 1959 by the Ethiopian bottling share company, which later opened a second branch in Dire Dawa in 1965. The two plants were nationalized in 1975 and ran as public companies until privatized in 1996. In 1996, they were bought by private investors and privatized. Just prior to that, in 1995, the coco-cola South

African beverage company (Coca-Cola Sabco) bought shares in the business and in 1999 signed a joint venture agreement with the plants. In 2001, Coca-Cola Sabco increased its shares to 61 percent and the company changed its name to the East African Bottling Share Company (EABSC). EABSC continues to run the two plants in Addis Ababa and Dire Dawa (Company profile)

The company employs many people in Addis Ababa and Dire Dawa and produces 720 million bottles of soft drinks a year. This company is one of the top performing firms in terms of growth, profitability and efficiencies (Company profile)

East Africa bottling Share Company as a coca cola franchise bottler in Ethiopia under coca cola beverages Africa, has three production plants in Addis Ababa, Dire Dawa and Bahirdar with an aggressive expansion plan throughout the country, hence bringing the total number of employees to more than 1800 (Company profile).

### **1.3. STATEMENT OF THE PROBLEM**

So far, researches concerning the influence of leadership styles on employee's motivation are not conducted extensively. While physiological needs were enough to motivate people in the past, Creech, R. (1995) claims that today's employees are looking for higher needs to be satisfied. This shows that leaders should really know what their employees need by being attentive and encourage to help them be productive in their work environment. Not understanding what employees want and not knowing what would motivate them is a huge problem that needs attention since the human resource is the greatest weapon an organization could use for its wellbeing and success of the future.

Coca Cola is a company that is mainly engaged in manufacturing services. So the major problems

found on the organization used for this study that is Coca Cola in motivating employees using the current dominant leadership styles in use are: having poor connection with the employees to understand what they need and what motivates them because the attention of leaders were fully focused on accomplishing the task at hand and forgetting to drive employees to accomplish their best in the work place which is return is causing a high turnover within the company, inappropriate leadership styles that goes well with the employees behavior.

The intention of this research was to find out the effect of leadership styles on the motivation of Coca-Cola employees from the employee's perception and to figure out the dominant leadership style in the organization.

#### **1.4. RESEARCH OBJECTIVES**

This section of the study provides the intended outcome of the study. Both the general and specific objectives are discussed as follow:

##### **1.4.1. GENERAL OBJECTIVE**

The general objective of the study was to analyze the perception of department employees in coca cola about the motivation factors and how it relates to leadership styles.

##### **1.4.2. SPECIFIC OBJECTIVES**

The specific objectives of the study were:

- To identify the dominant leadership style in the company
- To identify how employees, perceive the relationship between motivation and leadership style

- To assess the effect of leadership styles on employee's motivation

## **1.5. RESEARCH QUESTION**

The research questions for this study were:

- Which leadership style dominates in the organization?
- How employees are motivated?
- How do employees perceive the relationship between leadership style and employee's motivation?
- What is the effect of leadership style on employees motivating?

## **1.6. SIGNIFICANCE OF THE STUDY**

There is strong connection between motivation and achievement; motivated employees are almost always achievers. Many leaders may think materialistic rewards could be a motivation for their employees, but it is not, and money alone will not do the impact in motivating employees. Leadership style is indicated in journals to have an effect on motivating employees and hence improving the performance of the company. Though this study focuses on a specific company, the out puts are expected to show the relationship between leadership style and employee motivation. This has significance to the managers in different companies by letting them understand the relationship of leadership style and employee motivation so that the managers can customize their style in a way that can improve motivation and performance (if an association was confirmed). Future researchers also can understand gaps and uncovered areas on the area for further investigations. It also aims to examine the existing leadership styles and to suggest which style is most likely useful for employees' motivation in case company. So, it has a significance for

the managers and employee of case company too.

### **1.7. SCOPE OF THE STUDY**

This research focuses on studying the relationship between leadership style and employee motivation. Three leadership styles that are transformational, transactional and laissez faire styles will be considered in relation with employee motivation. The study focuses only on Coca Cola Company which will be restricted to the permanent full-time white-collar employees working in Addis Ababa's office. The study is descriptive and explanatory in nature which makes use of closed ended questionnaires for the quantitative analysis.

### **1.8. DEFINITION OF TERMS**

- **Leaders:** the person who leads or commands a group, organization, or country.
- **Leadership:** Leadership is the capacity of a person to impact the conduct of a gathering to accomplish organizational objectives. Leadership occurs when one group member modifies the motivation or competencies of others in the group (Robbins, 2001).
- **Leadership Style:** is the pattern of interactions between leaders and subordinates that includes controlling, directing all techniques and methods used by leaders to motivate subordinates to follow their instructions (Miller et al., 2002).
- **Motivation:** is an act or process that gives a person a reason to do something in a particular way, or an explanation for the repeated behaviors, needs, and desires (Elliot, 2001).

## **1.9. ORGANIZATION OF THE PAPER**

The study was organized into five chapters. Chapter one explains about the background of the study. Chapter two reviews literature on the topic of leadership style and motivation.

Chapter three is about the research methodology. Chapter four is about the data presentation and analysis. Chapter five is about summary of findings, conclusions and recommendations.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **INTRODUCTION**

This literature review part is to provide a summary of previous related studies and various literatures on the research problem areas. The available literature is aimed to review the major concept and research problem related with this research topic. Its intent is to answer the research questions and contribute to the emergent knowledge base on the use of leadership styles to motivate employees.

### **2.1 THE CONCEPT OF LEADERSHIP**

Leadership is a complex and dynamic process that has been defined in many different ways. Leadership style has been classified as autocratic, democratic, situational, transformational and free rein. There are many documented leadership theories, models and concepts. Leaders are described as visionary, charismatic and self-directed (Pat W, 1999).

Capezio and Morehouse (1997) describe leadership as an art and a science that is creative, propelling and disciplined; underling relationships at work and in organizations; and involve the acceptance of responsibility for results. According to Swamy (2014) leaders provide strategic direction; assess the future impact of goals; explore “outside the box”; examine the process used to achieve goals; evaluate individual contributions and utilize the team concept. Leader influences follower in a desired manner to achieve desired goals. Different leadership styles may affect organizational effectiveness or performance. Transformational leadership is a stronger predictor of both job satisfaction and overall satisfaction. In the study it was concluded that organizational performance is influenced by a competitive and innovative culture (Avolio, 2004).

Today's organizations need effective leaders who understand the complexities of the rapidly changing global environment. Leader influences follower in a desired manner to achieve desired goals. Different leadership styles may affect organizational effectiveness or performance. Transformational leadership is a stronger predictor of both job satisfaction and overall satisfaction. In the study it was concluded that organizational performance is influenced by a competitive and innovative culture.

### **2.1.1. LEADERSHIP STYLES**

An effective leader influences follower in a desired manner to achieve desired goals. Different leadership styles may affect organizational effectiveness or performance. Transformational leadership is a stronger predictor of both job satisfaction and overall satisfaction. In the study it was concluded that organizational performance is influenced by a competitive and innovative culture.

According to the Oladipo Kolapo Sakiru, Jamilah Othman and Nwosu Lucia Ndidi (2005), the success or failure of proper organizations, nations and other social units has been largely credited to the nature of their leadership style.

An effective leader influences follower in a desired manner to achieve desired goals. Different leadership styles may affect organizational effectiveness or performance. Transformational leadership is a stronger predictor of both job satisfaction and overall satisfaction. In the study it was concluded that organizational performance is influenced by a competitive and innovative culture.

There are many leadership styles such as authoritarian, paternalistic, democratic, laissez-faire, transactional and transformational. In order to narrow down the research only transactional and

transformational styles will be discussed.

Bass and Avolio (2004) explained transactional leaders motivate subordinates through the use of contingent rewards, corrective actions and rule enforcement. Bass Bernard et al (2012) explained that the more negative active or passive forms of management-by-exception. Transactional leaders motivate followers through exchange; for example, accomplishing work in exchange for rewards or preferences. Kahai et al (2003) found group efficacy was higher under the transactional leadership condition. According to Burns (year), transactional leader tends to focus on task completion and employee compliance and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance.

#### **2.1.1.1. TRANSACTIONAL LEADERSHIP**

The transactional leader will first validate the relationship between performance and reward and then exchange it for an appropriate response that encourages subordinates to improve performance. Transactional leadership in organizations plays an exchange role between managers and subordinates. Transactional leadership style is understood to be the exchange of rewards and targets between employees and management (Oladipo et al., 2005),

Bass and Avolio (2004) explained transactional leaders motivate subordinates through the use of contingent rewards, corrective actions and rule enforcement. Bass Bernard et al (2012) explained that the more negative active or passive forms of management-by-exception. Transactional leaders motivate followers through exchange; for example, accomplishing work in exchange for rewards or preferences. Kahai et al (2003) found group efficacy was higher under the transactional leadership condition. According to Burns (year), transactional leader tends to focus on task completion and employee compliance and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance.

### **2.1.2.2. TRANSFORMATIONAL LEADERSHIP STYLE**

Transformational leadership style concentrates on the development of followers as well as their needs. Managers with transformational leadership style concentrate on the growth and development of value system of employees, their inspirational level and moralities with the preamble of their abilities (Avolio and Bass, 2004). Bass and Avolio (2004) explained transactional leaders motivate subordinates through the use of contingent rewards, corrective actions and rule enforcement. Bass Bernard et al (2012) explained that the more negative active or passive forms of management-by-exception. Transactional leaders motivate followers through exchange; for example, accomplishing work in exchange for rewards or preferences. Kahai et al (2003) found group efficacy was higher under the transactional leadership condition. According to Burns (year), transactional leader tends to focus on task completion and employee compliance and these leaders rely quite heavily on organizational rewards and punishments to influence employee performance.

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Transformational leaders encourage followers to view problems from new perspectives, provide support, communicate vision and stimulates emotion. Bruce et al., (2005) stated that transformational leaders are able to define and articulate a vision for their organizations and their leadership style can influence or “transform” individual-level variables such as increasing

motivation and organization-level variables, such as mediating conflict among groups or teams. Podsakoff et al., (2003) disclosed transformational leadership had active influence on individual and organizational outcomes such as employee satisfaction and performance. Higher levels of transformational leadership were associated with higher levels of group potency (Bass and Avolio, 2004)

### **2.1.2.3 LAISSEZ-FAIRE LEADERSHIP STYLE**

The short version of laissez-faire leadership is “do what you want as long as you get the job done right” (Berson, 2003). From a laissez-faire leader's perspective, the key to success is to build a strong team and then stay out of the way. Loosely translated from its French origins, “laissez-faire” means "let it be" or "leave it alone." (Berson, 2003). In practice, it means leaders leave it up to their subordinates to complete responsibilities in a manner they choose, without requiring strict policies or procedures

Although laissez-faire leadership does not fit every organization, industry or situation, some workplaces thrive under laissez-faire leaders (Bogler, 2001). It's all a matter of finding the right match.

Laissez-faire leadership is a philosophy or practice characterized by a usually deliberate abstention from direction or interference, especially with individual freedom of choice and action (Bogler, 2001).

### **2.1.3. MOTIVATION**

The word motivation is extracted from Latin word “To Move” (Farid, Taswar, Shahid and Abdul, 2014). Motivation in general is a broad term that has been defined in many ways within the years and will continue to be further defined in the future. According to Elliot (2001), Motivation is an act or process that gives a person a reason to do something in a particular way, or an explanation for the repeated behaviors, needs, and desires.

Leaders might be hesitant to go there if they want to “let sleeping dogs lie” and not put their employees’ motivation on the line (Jung, 2001).

There are psychological, social, or organizational aspects of a job that help workers achieve their work goals and that reduce job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Job resources may motivate intrinsically by facilitating learning or personal development and extrinsically by providing instrumental help or specific information for goal achievement (Schaufeli & Bakker, 2004). Job resources such as social support, autonomy, performance feedback, supervisory coaching, and opportunities for development have been recognized as crucial for the majority of occupations (Bakker & Demerouti, 2007; Lee & Ashforth, 1996 ). Personal resources are positive self-evaluations that facilitate goal achievement and protect individuals against the physical and emotional costs of work-related demands (Hobfoll, Johnson, Ennis, & Jackson, 2003). Personal resources refer to one's sense of the ability to control and impact successfully on one's environment. An example of a personal resource is learning-related self-efficacy (Kyndt & Baert, 2013). Important from a leadership point of view, job and personal resources interact with job demands. Only if their resources match job demands will employees make full use of their competencies and maintain their productivity and well-being. Job resources might buffer the impact of job demands such as work pressure and emotional demands, including burnout, on work-related strain (e.g., Bakker, Demerouti, & Euwema, 2005; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2007). Interactions of resources with demands may have longer term effects in the form of resource cycles. According to Hobfoll (1998, 2001), people who possess resources are more likely to acquire further resources. As initial gains beget future gain, employees with resource surpluses are less vulnerable to job demands (Hobfoll, 1998). Conversely to this gain spiral, those who lack resources are more vulnerable to further losses, potentially initiating loss spirals. According to our experiences, the job resources concept can help leaders and their employees see which parts they play in co-creating a motivating work context. Certain resources serve as key resources that “unlock” the power of other resources. If

key resources are missing, the beneficial effects of other resources might be limited. For instance, a company might have a positive learning and training climate and job design might be geared toward work-related learning. However, if leaders fail to support and encourage learning, they may stifle their workers' learning activities.

From an exploration of the available job and personal resources, leaders gain a detailed insight into the key job resources they should arrange for. Employees get a sense of their personal resources that need building and to what extent those personal resources depend on job resources; this enables them to request from their leaders' job resources in a much more targeted fashion. Ultimately, such co-creation benefits both leaders and employees. Leaders' job of motivating becomes more manageable as they share it with their employees. For employees, co-creation involves a high degree of autonomy, (self-) competence, and connectedness (with their leader), fulfilling the central needs that promote intrinsic motivation.

#### **2.1.3.1. INTRINSIC MOTIVATION**

Many leaders think that materialistic rewards are enough to motivate their employees but it is not and money alone will not do the impact in motivating employees while the leader is ignoring individual's needs to contribute to the organizations and make meaning out of what they do (Morse, 2003). Ryan & Deci (2000). Employees get a sense of their personal resources that need building and to what extent those personal resources depend on job resources; this enables them to request from their leaders' job resources in a much more targeted fashion. Ultimately, such co-creation benefits both leaders and employees. Leaders' job of motivating becomes more manageable as they share it with their employees. For employees, co-creation involves a high degree of autonomy, (self-) competence, and connectedness (with their leader), fulfilling the central needs that promote intrinsic motivation.

This kind of motivation should be what leaders should try to instill within their employees by recognizing their accomplishments and involving them in activities that gives them a sense of importance.

The perception of fundamental enthusiasm is closely related to intrinsic value. . Employees get a sense of their personal resources that need building and to what extent those personal resources depend on job resources; this enables them to request from their leaders' job resources in a much more targeted fashion. Ultimately, such co-creation benefits both leaders and employees. Leaders' job of motivating becomes more manageable as they share it with their employees. For employees, co-creation involves a high degree of autonomy, (self-) competence, and connectedness (with their leader), fulfilling the central needs that promote intrinsic motivation (White, 1959). In humans, intrinsic motivation is not the only form of motivation, or even of volitional activity, but it is a pervasive and important one intrinsic motivation exists within individuals, it exists in the relation between individuals and activities. People are intrinsically motivated for some activities and not others, and not everyone is intrinsically motivated for any particular task (Ryan & Deci,2000).

#### **2.1.3.2. EXTRINSIC MOTIVATION**

According to (Ryan & Deci, 2000), although intrinsic motivation is clearly an important type of motivation, most of the activities people do are not intrinsically motivated. So, extrinsic motivation is a construct that pertains whenever an activity is done in order to attain some separable outcome. However, these researchers state that unlike some perspectives that view extrinsically motivated behavior as invariably non-autonomous, extrinsic motivation can vary greatly in the degree to which it is autonomous. An employee who does the work only because of fears of negative reinforcements for not doing it is extrinsically motivated because the work is done in order to attain

the separable outcome of avoiding negative reinforcements. Similarly, an employee who does the work because of personal believes of it being valuable for a chosen career is also extrinsically motivated because it is done for its instrumental value rather than finding it interesting.

Both examples involve instrumentalities, yet the latter case entails personal endorsement and a feeling of choice, whereas the former involves mere compliance with an external control. Both represent intentional behavior, but the two types of extrinsic motivation vary in their relative autonomy. According to Ryan & Deci (2000), an employee who does the work only because of fears of negative reinforcements for not doing it is extrinsically motivated because the work is done in order to attain the separable outcome of avoiding negative reinforcements. Similarly, an employee who does the work because of personal believes of it being valuable for a chosen career is also extrinsically motivated because it is done for its instrumental value rather than finding it interesting.

## **EMPIRICAL REVIEW**

### **2.2.1. LEADERSHIP AND MOTIVATION**

Leadership has a great impact in motivating employees and maximizing the success of the organization. There are psychological, social, or organizational aspects of a job that help workers achieve their work goals and that reduce job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Job resources may motivate intrinsically by facilitating learning or personal development and extrinsically by providing instrumental help or specific information for goal achievement (Schaufeli & Bakker, 2004). Job resources such as social support, autonomy, performance feedback, supervisory coaching, and opportunities for development have been recognized as crucial for the majority of occupations (Bakker & Demerouti, 2007; Lee & Ashforth, 1996 ). Personal resources are positive self-evaluations that facilitate goal achievement

and protect individuals against the physical and emotional costs of work-related demands (Hobfoll, Johnson, Ennis, & Jackson, 2003).

Many scholars such as have recognized transactional and transformational sorts of direction as the most effective in encouraging governances and workforces in overall. The transactional leadership style encourages countless workforces to bounce their all in their jobs. The transformational leadership style gives room for experimenting to determine the best methods of management. Transformational leaders are often referred to as risk-takers (Avolio and Bass, 2004). Organizations in which leaders use a laissez-faire type of leadership tend to perform poorly, as this approach to leadership does little to motivate employees (Cemaloglu et al., 2012).

### **2.2.2. THE RELATIONSHIP BETWEEN TRANSFORMATIONAL LEADERSHIP STYLE AND MOTIVATION**

In using transformation as a leadership style, a leader needs to make clear the mission and vision of the organization to the employees in order for them to strive for those goals to be achieved. Bass and Avolio (1994), propose four dimensions of transformational leadership; Idealized Influence, Inspirational Motivation, Individualized Consideration and Intellectual Stimulation.

- **Inspirational Motivation:** includes the urge of leader to followers for attaining goals through describing the goals in attractive and compensating manner, which motivate employees.
- **Idealized influence:** means being a role model in front of employees and ready for sacrifices for the good of whole group. Leaders have high level of ethical conduct and do anything for the team.
- **Individual Consideration:** includes attention, encouragement and support of leader to

followers.

- **Intellectual Stimulation:** conclude that leader enable the followers for probing the problems in a new way that is easy and creative.

Theory of transformational leadership is very important in field of leadership and many studies such as show that there is positive relationship of transformational leadership and other dependent variable like satisfaction, commitment and motivation of the employees (Lowe, Kroeck and Sivasubramaniam 1996, Kane & Tremble, 2000;).

The transformational leadership style is hardly operational for all sorts of people, as it is also not a great fit for all followers. If not rightly placed Transformational leadership style might be considered as the leader being simply being self-promotional (Avolio and Bass, 2004). Leaders need to read their admirers to get a sense for whether they determination reply definitely to the transformational leadership style that aims to inspire from inside since it focuses on intrinsic motivation intending to get the job done. Afshari, Siraj, Ghani and Alfashri (2011), Leadership has a great impact in motivating employees and maximizing the success of the organization. There are psychological, social, or organizational aspects of a job that help workers achieve their work goals and that reduce job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Job resources may motivate intrinsically by facilitating learning or personal development and extrinsically by providing instrumental help or specific information for goal achievement (Schaufeli & Bakker, 2004).

### **2.2.3. THE RELATIONSHIP BETWEEN TRANSACTIONAL LEADERSHIP AND MOTIVATION**

Leadership has a great impact in motivating employees and maximizing the success of the organization. There are psychological, social, or organizational aspects of a job that help workers achieve their work goals and that reduce job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Job resources may motivate intrinsically by facilitating learning or personal development and extrinsically by providing instrumental help or specific information for goal achievement (Tami, 2017).

As Robbins (2007) explains Transactional leaders use social exchange for transaction.

Abdul & Husnian (2012), show how transactional leaders perform using contingent rewards and management by exception:

- **Contingent Reward:** These plunders are linked to the presentation of the member of staff. If employee puts efforts, it is recognized by the rewards. The rewards which an employee gain on the accomplishment of a target is contingent reward.
- **Management by Exception (active)** It takes the notice of any deviations from the rules and regulations, and if there is it takes the action for correction. Leadership has a great impact in motivating employees and maximizing the success of the organization. There are psychological, social, or organizational aspects of a job that help workers achieve their work goals and that reduce job demands (Demerouti, Bakker, Nachreiner, & Schaufeli, 2001). Job resources may motivate intrinsically by facilitating learning or personal development and extrinsically by providing instrumental help or specific information for goal achievement (Schaufeli & Bakker, 2004).

- **Management-By-Exception (Passive):** intervenes only if standards are not met. This implies that the relationship under this leadership style is based on transaction between the leaders and followers are reward punishments, reciprocity, exchanges (economic, emotional, and physical) and also following the rule and regulation that will imply that the leaders are inflexible. That means focuses on the accomplishment of tasks & good worker relationships in exchange for desirable rewards (Bass, 1990).

To know their goals and their needs so reward of their work can be achieved. In Transactional leadership style if you are working very well than you will be rewarded due to good work and if you are not showing your commitment with your organization you will be punish. Leaders also helps the subordinate that how to perform work for the organization and how to accomplish the organizational goals (Robbins, 2007).

#### **2.2.4.THE RELATIONSHIP BETWEEN LAISSEZ FAIRE LEADERSHIP AND MOTIVATION**

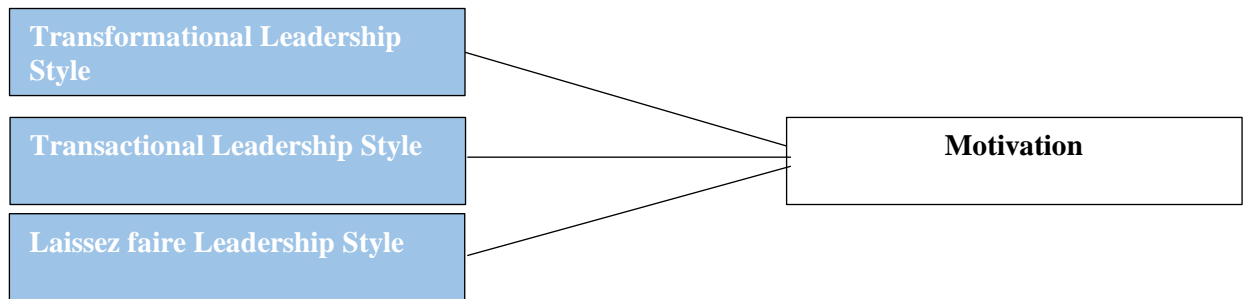
The French term laissez faire deciphers unevenly to “let it be.” A laissez faire management shadows outfit, with the front-runner letting processes to make known mainly in the pointers of his staffs. In practice, this means lots of delegation, with decision-making abilities being passed from the leader to his subordinates (Tami 2017). According to Tami a laissez faire leader doesn't mean not doing any work instead, consistent feedback, analysis and recommendations for improvement are expected from the leaders to be effective.

But this type of leadership doesn't just work on all kinds of employees. It needs highly skilled, trustworthy employees who have a clear understanding of a project's overall goal According to Tami a laissez faire leader doesn't mean not doing any work instead, consistent feedback, analysis

and recommendations for improvement are expected from the leaders to be effect

### 2.3. CONCEPTUAL FRAMEWORK

This conceptual framework was developed based on literatures of different researches of related studies.



**Figure 1. Conceptual Framework**

**Source:** Gee-Woo Bock (2008)

Based on the above empirical review and conceptual framework, the hypothesis to be tested in this study are:

*Hypothesis 1:* Transformational styles have a positive impact on motivation

*Hypothesis 2:* Transactional styles has a positive impact on motivation

*Hypothesis 3:* Laissez faire style has a positive impact on motivation

# **CHAPTER THREE**

## **RESEARCH AND METHODOLOGY**

### **INTRODUCTION**

This chapter presents an overview of the research design and methodology to be used in this study. It consists of the research design, data types and sources, sampling methodology and the instruments of data collection.

### **3.1. RESEARCH APPROACH**

A research approach is a plan that guides the researcher through the testing of assumptions. It guides how the data collection, analysis and interpretation should be like. This research approach is derived from the research problem that is to be studied. A study can use a deductive research approach, an inductive research approach or an abductive research approach.

In deductive research approach, the researcher looks to test a certain well-known issue to see if it is valid in the area of study of the researcher. It does this by creating hypotheses and testing those hypotheses. The other research approach is inductive research approach. In inductive research approach, the researcher starts by observing in order to create theories based on these observations. This means that the researcher will not use hypothesis but uses specific observation to arrive at a general conclusion which may be true. The third research approach is abductive research approach. In abductive research approach, the researcher looks to use incomplete observations to create the best prediction about a situation which may be true.

The research approach used in this study was inductive reasoning. This was because the aim of this study was to see the effect of leadership styles on motivation in Coca-Cola Company. The researcher did the study by using the observations of Coca Cola Company towards the specific

behaviors of leaders to give a general conclusion on the leadership styles present in the company and how it affects motivation.

### **3.2. RESEARCH DESIGN AND METHODOLOGY**

A research design consists of the collection of methods used in collecting and analyzing data to understand the variables in a certain study. It is determined by the objective of the study, data sources, and availability of resources. As Adams et. al (2007) discussed, in a descriptive research, the major objective is describing an occurrence. It doesn't try to explain why these occurrences happen but only answers what. They also explained that when a study looks to find out and understand a certain problem in depth, it is an explanatory research. Explanatory research seeks to understand cause and effect and the researcher already know the variables to study. It uses qualitative approach and uses close-ended questions to help it group responses to the variables in the study.

The aim of the study was to see the effect of leadership style on motivation of employees. In order to fulfil the objectives of the study, the research used was explanatory. This was because the researcher already knew the variables to study and tried to see the cause and effect relationship between the variables. The study also used close ended questions.

### **3.3. SAMPLING APPROACHES**

Sampling design is a framework that serves as a base for sample selection in surveys. It guides the sample selection process while conducting surveys. Sampling designs are two kinds, which are, probability and non-probability sampling. In probability sampling, there is a finite population and a known chance for the target population to be selected as sample subject. There are four types of probability samplings which include simple random sampling, stratified sampling, cluster sampling and systematic random sampling. Probability sampling are usually

used because the samples chosen with this approach is representative, allows the use of confidence intervals and margins of error which are used to validate the results.

In non-probability sampling, the chances of the population being selected as samples are not predetermined. That means that there is no random sampling in non-probability sampling. There are five types of non-probability sampling that include self-selection sampling, quota sampling, snowball sampling, convenience sampling and purposive sampling.

In order to understand the perception of department employees in Coca Cola about the motivation factors and how it relates to leadership styles, the student researcher has used probability sampling, specifically stratified sampling. The departments in study are the stratas and sample was drawn from them using random sampling. Probability sampling has been used because they are more representative, and the researcher can validate results.

### **3.3.1. TARGET POPULATION**

For the study, the student researcher has gathered information on number of employees from the organization. From the information received from the company, the student researcher identified 127 employees as a total target population.

### **3.3.2 SAMPLING SIZE AND SAMPLE SIZE DETERMINATION**

The study used stratified random sampling; this was because the study will draw a sample from a non-homogenous group. The confidence level was at 95%. De Vaus (2014) explained that this shows that if a sample gets selected 100 times, then at least 95 of those samples are representative to the target population. Show the strata if you want to use stratified sampling

To determine the sample size, the study used Yamane's 1967 formula with 95% confidence and 5% sampling error. For this study, which consists of a total population of 127, 96 samples were

taken.

$$n = N / (1 + N * (e)^2)$$

Where n = the required sample size

N = population size

e = acceptable sampling error

$$n = 127 / (1 + 127 * (0.05)^2)$$

$$n = 96$$

### **3.4. DATA SOURCE AND METHOD OF COLLECTION**

#### **3.4.1. SOURCE AND TYPES OF DATA**

The data needed for this study was gathered from primary and secondary source. The primary data was gathered from the employees of Coca Cola, at the Addis Ababa branch. This was done by distributing questionnaires to the respondents. The secondary data has been gathered from literatures and articles from previous researches conducted on similar topics.

#### **3.4.2. DATA COLLECTION METHODS**

The study used Multi Factor Leadership Questionnaires to understand the perception of department employees in Coca Cola about the motivation factors and how it relates to leadership styles. This questionnaire was prepared based on the format developed by Avolio and Bass in 1995. The questionnaire was divided into five parts. The first section asked about the demography of the respondents, the second section was about transformational leadership style, the third section was about laissez faire leadership style, the fourth was about transactional leadership style and the last one was about motivation factors.

### **3.4.3. DATA COLLECTION PROCEDURE**

The questionnaires were self-administered to the respondents, where the researcher distributed and collected the questionnaire in the company. The student researcher identified the method for collecting this data, which was to ask the senior management to set a time for questionnaire distribution. After that the student researcher allocated time for the questionnaire distribution. The respondents were communicated before distributing the questionnaire and only those present at the office at the time of distribution were able to fill out the questionnaire.

### **3.5. VALIDITY AND RELIABILITY**

Reliability is used to test the internal consistency of variables in a study. In this study, Cronbach's Alpha (year) was used to test the consistency. Cronbach's Alpha can only have positive values and when this value is low, it means that the study variables are not internally consistent. An alpha of 0.70 or greater is what is considered adequate to develop a new questionnaire (Malhotra, 2007).

Validity is used to check the soundness of the research. It seeks to check if the findings really represent the variable in the study. Content validity checks if the study is representative of what it wants to measure. In this study, the content validity was done by selecting the measurements that can describe the variables from various literature and previous researches. The criterion validity checks if the results match to a different study of the same variables. In this study, criterion validity was checked by regression analysis.

### **3.6. METHOD OF DATA COLLECTION**

In this study, the student researcher used close ended questions for gathering the information from Coca Cola employees on their perception of motivation and leadership style. Both primary and secondary data was used to get a complete assessment on motivation factors and leadership

style.

### **3.7. METHOD OF DATA ANALYSIS**

The study was use descriptive analysis to analyze the data collected from the respondents. This was done by using SPSS software. The student researcher used Pearson's Correlation Analysis to see the relationship between the variables and regression analysis to see the significance of these relationships and draw a conclusion. ANOVA, collinearity tests and other statistical techniques were also used to examine the variables.

### **3.8. ETHICAL ISSUES**

The study was conducted in an ethical way. The questionnaire was distributed to respondents who were voluntary and were communicated in advance. Any information collected was kept confidential and was only used for this academic research only. The student researcher also abided by the rules of the University and undertook the study objectively.

## CHAPTER FOUR

### 4. THE DATA ANALYSIS AND PRESENTATION

#### INTRODUCTION

It shows the descriptive analysis on the variables and the results of the correlation and regression analysis.

#### 4.1. RESPONSE RATE OF RESPONDENTS

Questionnaire was distributed to 96 Coca Cola employees, 86 were returned fully filled. This shows that the response rate was 89.6%.

Table 4.1. Response rate of respondents

Total questionnaire distributed	Returned questionnaire	Not returned	Response rate
96	86	10	89.6%

Source: Own Survey, 2020

## 4.2. DEMOGRAPHICS OF RESPONDENTS

The questionnaire consisted of demographic questions to know the respondents. The results are seen below.

Table 4.2. Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	43	50.0	50.0	50.0
Male	43	50.0	50.0	100.0
Total	86	100.0	100.0	

Source: Own survey, 2020

This table shows that 50% of the respondents are male and 50% of the respondents are female. This sample has been chosen to be representative to the population so we can predict that from the 127 employees half are male and half are female.

Table 4.3 Age

	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	35	40.7	40.7	40.7
31-40	33	38.4	38.4	79.1
41-50	10	11.6	11.6	90.7

Above 50	8	9.3	9.3	100.0
Total	86	100.0	100.0	

Source: Own survey, 2020

This table shows that most of the respondents are between the age of 21-30. This can be seen from the percentage of 40.7%., 38.4% of the respondents are between the age of 31-40. 11.6% of the respondents are between 41-50 and only 9.3% of the respondents are above 50. This shows that most of the employees at Coca Cola are young.

Table 4.4 Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Bachelor Degree	49	57.0	57.0	57.0
Masters Degree	36	41.9	41.9	98.8
PhD	1	1.2	1.2	100.0
Total	86	100.0	100.0	

This table shows that 57% of the respondents have their bachelor's degree, 41.9% of the respondents have their Masters degree and 1.2% of the respondents have their PhD. This means that most of the respondents at Coca Cola have their Bachelors degree.

Table 4.5. Number of years worked

	Frequency	Percent	Valid Percent	Cumulative Percent
0-5 years	42	48.8	48.8	48.8
6-10 years	38	44.2	44.2	93
11-15 years	3	3.5	3.5	96.5
Above 15 years	3	3.5	3.5	100.0
Total	86	100.00	100.0	

This table shows that 48.8% of the respondents have worked at Coca Cola for 0-5 years, 44.2% of the respondents, for 6-10 years, 3.5% of the respondents for 11-15 years and 3.5% of the population for above 15 years.

### **4.3. ANALYSIS ON LEADERSHIP STYLES**

In the below section, the descriptive analysis for leadership styles and motivation have been presented.

#### **4.3.1. ANALYSIS ON TRANSFORMATIONAL LEADERSHIP**

The below table shows the descriptive analysis result on questions that were prepared to understand transformational leadership.

Table 4.6. Analysis on transformational leadership

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
My leader inspires me	-	-	73.3% (63)	26.7% (23)	-	3.27	0.45
My leader is able to make difficult decisions	-	-	61.6% (53)	38.4% (33)	-	3.38	0.49
My leader is open to new ideas	-	-	-	58.1% (50)	41.9% (36)	4.42	0.50
My leader is optimistic	-	-	25.6% (22)	74.4% (64)	-	3.74	0.44
My leader cares for my development	-	-	66.3% (57)	33.7% (29)	-	3.34	0.44
<b>Average</b>						<b>3.63</b>	<b>0.47</b>

Source: Own survey, 2020

This table shows that 73.3% of the respondents were neutral when asked if their leader inspires them while the remaining 26.7% agreed that they are inspired. The table also shows that 61.6% of the respondents were neutral to their leader’s ability to make difficult decisions when the remaining 38.4% agreed that their leader is able to make difficult decisions. It can also be seen that 50(58.1%) of the respondents agreed that their leader is open to new ideas where 41.9% of the respondents

strongly agreed to the statement. In addition, 74.4% of the respondents believe that their leader is optimistic while the remaining 25.6% were neutral to the statement. 33.7% of the respondents also agreed that their leader cares for their development while the remaining 66.3% were neutral. From the SD values, we can see that the responses for the statements were close to their means.

#### 4.3.2. ANALYSIS OF LAISSEZ-FAIRE LEADERSHIP

The below table shows the descriptive analysis result on questions that were prepared to understand laissez-faire leadership.

##### 4.7. Analysis on laissez-faire leadership style

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
My leader gives me time to fix my problems on my own	-	-	51.2% (44)	48.8% (42)	-	3.49	0.50
My leader expects me to fix my problems on my own	-	-	45.3% (39)	54.7% (47)	-	3.55	0.50
My leader provides me with the necessary resources	-	-	41.9% (36)	58.1% (50)	-	3.58	0.49
My leader takes responsibility for my	-	-	66.3% (57)	33.7% (29)	-	3.00	0.00

actions							
My leader interferes in situations that I have difficulty fixing	-	-	45.3% (39)	54.7% (47)	-	3.55	0.50
<b>Average</b>						<b>3.43</b>	<b>0.40</b>

Source: Own survey, 2020

This table shows that 48.8% of the respondents agree that their leader gives them time to fix their problems on their own while the remaining 51.2% were neutral. It also shows that 45.3% of the respondents were neutral to their leaders expecting them to fix their problems on their own, and 54.7% agreed to the statement. The table also shows that 58.1% of the respondents agreed that their leaders provide them with the necessary resources while 41.9% of them were neutral to the statement. 33.7% of the respondents agree that their leaders take responsibility for their actions while the remaining 66.3% were neutral to the statement. 54.7% of the respondents agree that their leaders interfere in situations they have trouble fixing while 45.3% of the respondents were neutral to the statement. From the SD values, we can see that the responses for the statements were close to their means.

#### **4.3.3. ANALYSIS ON TRANSACTIONAL LEADERSHIP**

The below table shows the descriptive analysis result on questions that were prepared to understand transactional leadership.

Table 4.8. Analysis on transactional leadership style

	Strongly Disagree	Agree	Neutral	Agree	Strongly Agree	Mean	SD
My leader lets me know what gets rewarded	-	-	47.7% (41)	52.3% (45)	-	3.52	0.50
My leader takes into account all constraints when making a decision	-	-	20.9% (18)	79.1% (68)	-	3.79	0.41
My leader believes in sticking to the status quo	-	-	71% (61)	29% (25)	-	3.00	0.00
My leader always takes action when things go wrong	-	-	65.1% (56)	34.9% (30)	-	3.00	0.00
My leader rewards teamwork	-	-	17.4% (15)	82.6% (71)	-	3.83	0.38
<b>Average</b>						<b>3.49</b>	<b>0.26</b>

Source: Own survey, 2020

This table shows that 52.3% of the respondents agree that their leader lets them know what gets rewarded, and the remaining 47.7% were neutral. It also shows that 20.9% of the respondents were neutral to their leader taking into account all constraints when making a decisions, while the remaining 79.1% agree to the statement. 29% of the respondents agree that their leaders believe in sticking to the status quo while the remaining 71% were neutral to the statement. 34.9% of the respondents agree that their leaders always take action when things go wrong and the remaining 65.1% were neutral to the statement. 82.6% of the respondents agreed that their leaders reward teamwork while the remaining 17.4% were neutral to the statement. From the SD values, we can see that the responses for the statements were close to their means.

#### 4.4. ANALYSIS ON MOTIVATION

The below table shows the descriptive analysis result on questions that were prepared to understand the intrinsic and extrinsic motivation.

Table 4.9. Level of intrinsic motivation

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
I believe in my work	-	-	29.1% (25)	-	70.9% (61)	4.42	0.92
I am happy to stay late to finish my work	-	-	-	8.1% (7)	91.9% (79)	4.92	0.28
I enjoy my work	-	-	-	8.1% (7)	91.9% (79)	4.92	0.28

I am always ready to solve new challenges	-	-	4.7% (4)	3.5% (3)	91.9% (79)	4.87	0.45
My work gives me a sense of accomplishment	-	-	8.1% (7)	-	91.9% (79)	4.84	0.55

Source: Own survey, 2020

This table shows that 70.9% of the respondents strongly agree to believing in their work while the remaining 29.1% were neutral to the statement. It also shows that 8.1% of the respondents agree that they are happy to stay late to finish their work while 91.9% of them strongly agree to the statement. 91.9% of the respondents strongly agree to enjoying their work while the remaining agree to the statement. 4.7% of the respondents are neutral to always being ready to solve new challenges, 3.5% of them agree to the statement while the remaining 91.9% strongly agree to it. 8.1% of the respondents were neutral to work giving them a sense of accomplishment while the remaining 91.9% strongly agree to the statement. From the SD values, we can see that the responses for the statements were close to their means.

Table 4.10. Level of extrinsic motivation

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
I am here because they pay well	-	-	1.2% (1)	27.9% (24)	70.9% (61)	4.70	0.49

I work here because it helps me achieve my desired lifestyle	-	-	29.1% (25)	-	70.9% (61)	4.42	0.91
I do my work on time so that I don't get bad performance results	-	-	9.3% (8)	64.0% (55)	26.7% (23)	4.17	0.58
I do my work on time because I want to get promoted	-	-	4.7% (4)	84.9% (73)	10.5% (9)	4.06	0.39
My work gives me security	-	-	3.5% (3)	86.0% (74)	10.5% (9)	4.07	0.37

Source: Own survey, 2020

This table shows that 1.2% of the respondents are neutral to working at Coca because it pays well, 27.9% agree to the statement and the remaining 70.9% strongly agree to the statement. It also shows that 70.9% of the respondents strongly agree to working there to achieve their desired lifestyle while the remaining 29.1% of them were neutral. 64.0% of the respondents agree to working on time so that they don't get bad performance results, 26.7% strongly agree to the statement and 9.3% were neutral. 4.7% of the respondents were neutral to working on time because they want to get promoted, 84.9% agree to the statement and 10.5% strongly agree to it. It also shows that 86.0% agree that their work gives them security, 3.5% are neutral to the statement and 10.5% of them strongly agree to it. From the SD values, we can see that the responses for the statements were close to their means.

#### 4.5. LEVEL OF LEADERSHIP STYLES

Table 4.11. Level of leadership styles

	Transformational Style	Transactional Style	Laissez faire style
Mean	3.63	3.43	3.43

Source: own survey, 2020 What about the independent variable?

From the above table, it can be seen that transformational leadership style dominates the organization, followed by transactional leadership style, and laissez faire leadership style.

#### 4.6. PEARSON CORRELATION ANALYSIS

A correlation is what shows the association between variables. It has a value between -1 and +1. When it is positive, it shows a positive relationship and when it is negative, it shows a negative relationship. The below table shows the values and meaning of the Pearson correlation value.

Table 4.12. Pearson correlation

Pearson correlation value	Meaning
$r = 1$	Perfect relationship
$1 < r \leq 0.7$	Strong relationship
$0.7 < r \leq 0.30$	Moderate relationship
$0.30 < r \leq 0$	Weak relationship
$r = 0$	No relationship

Source: Dematteo & Festinger, 2005

The below table shows the Pearson correlation analysis on the effect of leadership styles on motivation.

Table 4.13. Correlation Matrix

		Motivation
Transformational Leadership	Pearson Correlation	.771**
	Sig. (2 Tailed)	.000
	N	86
Laissez-faire Leadership	Pearson Correlation	.855**
	Sig. (2 Tailed)	.020
	N	86
Transactional Leadership	Pearson Correlation	.758**
	Sig. (2 Tailed)	.032
	N	86

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

SPSS Correlation output, 2020

This table shows that transformational leadership style has a Pearson correlation value of 0.771 with motivation. This means that transformational leadership style has a strong positive relationship to motivation in the employees of Coca Cola. That means when transformational leadership

increases, the motivation of employees also increases.

It can also be seen that laissez faire leadership style has a Pearson correlation value of 0.855 with motivation. This means that laissez faire leadership style has a strong positive relationship to motivation in the employees of Coca Cola. That means when laissez faire leadership increases, the motivation of employees also increases.

It can also be seen that transactional leadership style has a Pearson correlation value of 0.758 with motivation. This means that transactional leadership style has a strong positive relationship to motivation in the employees of Coca Cola. That means when transactional leadership increases, the motivation of employees also increases.

#### 4.7. RELIABILITY TEST

In this study, reliability test was done to check if the variables in the study were internally  $\alpha$ consistent. To do this, a Cronbach alpha test was done. The cronbach alpha has a value that show the level of internal consistency. The below table shows the cronbach alpha values and what they mean.

Table 4.19. Cronbach alpha values and meaning

Cronbach alpha values	Meaning
$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable

$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Claire, 2020

The reliability analysis for this study is shown below.

Table 4.20. Reliability analysis

Item	Cronbach's alpha
Transformational	0.891
Laissez Faire	0.834
Transactional	0.745

SPSS reliability analysis output, 2020

This table shows that the Cronbach alpha value for transformational leadership style is 0.891. This mean that the internal consistency of the study for this variable is at a good level. It also shows that the Cronbach alpha value for laissez faire leadership style is 0.834. This mean that the internal consistency of the study for this variable is at a good level. The Cronbach alpha value for transactional leadership style is 0.745. This means that the internal consistency of the study for this variable is at an acceptable level. These values show that the test has measured the variables correctly.

#### 4.8. TEST OF ASSUMPTION

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.781
Bartlett's Test of Sphericity	Approx. Chi-Square	75.946
	Df	6
	Sig.	.000

The Kaiser-Meyer-Olkin measure shows that it has a value of 0.781. This shows that the sample size is good because the value is greater than 0.50. This shows that the sample size is good to use for analysis. The test shows that the significance level is  $< 0.05$ , the p value. This means that there is at least one significant correlation between the variables.

#### 4.9. COLLINEARITY

Table 4.18. Collinearity

Model		Collinearity Statistics	
1		Tolerance	VIF
	(Constant)		
	Transformational	0.989	1.000
	Laissez-faire	0.960	1.034
	Transactional	0.952	1.049

SPSS Regression output, 2020

This table shows if the variables are collinear. When we look at the VIF values, they are all less than 10. This means that transformational leadership style, laissez-faire leadership style,

transactional leadership style and motivation are collinear.

#### 4.10. REGRESSION ANALYSIS

This section shows the regression analysis results of the effect of leadership style on motivation, in the case of Coca Cola company. Multiple regression analysis was used because this study has more than two variables.

##### 4.10.1. MODEL SUMMARY

Table 4.14. Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	RMSE
1	0.758	0.574	0.569	0.24419

- a. Predictors: (Constant), Transformational leadership, Laissez faire leadership, Transactional leadership
- b. Dependent variable: Motivation

SPSS Regression output, 2020

This table shows that R has a value of 0.758. This shows that there is a strong relationship between transformational leadership style, laissez faire leadership style, transactional leadership style and the intrinsic and extrinsic motivation of Coca Cola employees. When we see the adjusted R square, it has a value of 0.569. This shows that transformational leadership style, laissez faire leadership style, and transactional leadership style can explain 56.9% of the deviation in motivation of Coca Cola employees.

#### 4.10.2. ANOVA

Table 4.15. ANOVA

Model		Sum of Squares	Df	Mean Square	F	P
1	Regression	6.754	1	6.754	113.274	.000
	Residual	4.835	84	0.060		
	Total	11.763	85			

c. Dependent variable: Motivation

d. Predictors: (Constant), Transformational leadership, Laissez faire leadership, Transactional leadership

SPSS Regression output, 2020

The ANOVA table shows if there is a difference between population means. The residual sum of squares has a value of 4.835. This is low which shows that the model is a good. It also means that the independent variables explain the dependent variable.

#### 4.10.3. COEFFICIENTS

Table 4.16. Coefficients summary

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig	Upper Limit	Lower Limit
1		B	Std. Error					
	(Constant)	1.734	1.265		1.371	0.048		

	Transformational	1.319	0.124	0.758	7.006	.000	5.00	3.00
	Laissez-faire	-0.079	0.247	-0.020	-1.225	.008	4.00	3.00
	Transactional	-0.264	0.160	0.032	-0.292	.067	4.00	3.00

a. Dependent variable: Motivation

b. Predictors: (Constant), Transformational leadership, Laissez faire leadership, Transactional leadership

SPSS Regression output, 2020

This table shows the coefficients summary for motivation. Transformational leadership style has the highest unstandardized beta, that is a value of 1.319. This means that transformational leadership style has the highest effect on motivation. This value shows that as transformational leadership style increases by one unit, motivation increases by 131.9% in Coca Cola. Transactional leadership style has an unstandardized beta, that is a value of -0.264. This means that transactional leadership style has a negative effect on motivation. The value shows that when transactional leadership style increases by one unit, motivation decreases by 26.4%. But this relationship is insignificant. This is because the significance level has a value of 0.67 which is greater than the p value of 0.05. Laissez faire leadership style has an unstandardized beta, that is a value of -0.079. This means that Laissez faire leadership style has a negative effect on motivation. The value shows that when Laissez faire leadership style increases by one unit, motivation decreases by 7.9%.

#### 4.11. HYPOTHESIS TESTING

From the above analysis, we can now test the hypothesis:

*Hypothesis 1:* Transformational styles have a positive impact on motivation

It was found that transformational leadership style has a strong positive relationship to motivation in the employees of Coca Cola. From the coefficients summary of motivation has shown that as transformational leadership style increases by one unit, motivation increases by 131.9%. Therefore, we accept this hypothesis.

*Hypothesis 2: Transactional styles has a positive impact on motivation*

It was found that transactional leadership style has a strong positive relationship to motivation in the employees of Coca Cola. But it was insignificant because the significance value was greater than the p value of the study (0.05). Therefore, this hypothesis is rejected.

*Hypothesis 3: Laissez faire style has a positive impact on motivation*

It was found that laissez faire leadership style has a strong positive relationship to motivation in the employees of Coca Cola. But when we look at the coefficients summary of motivation, it has shown that as laissez faire leadership increases by one unit, motivation decreases by 7.9%. Therefore, this hypothesis is rejected.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

This chapter explains the summary of the findings in the research. It also shows the conclusion from the study and has recommendations for Coca Cola company. These are based on the answers from 86 Coca Cola employees.

#### **5.1. SUMMARY OF FINDINGS**

- The study found that 50% of the respondents were male and 50% of the respondents were female.
- The study found that most of the respondent employees at Coca Cola were between the ages of 21-30 representing 40.7%.. The second highest respondents were between the age of 31-40 (38.4) and the third highest are between 41-50 (11.6) (%). The least of the respondents were above the age of 50. This shows that most of the employees at Coca Cola are young.
- It was seen that most of the respondents have their bachelor's degree (57%), the second highest have their masters degree (41.9%) and the remaining respondents have their PhD (1.2%)
- It was found that most of the respondents have worked at Coca Cola for 0-5 years (48.8%). The second highest have worked at Coca Cola for 6-10 years (44.2%). Those who have worked at Coca for 11-15 years (3.5%) and above 15 years (3.5%) are the third highest.
- For the transformational leadership style, the majority were neutral when asked if their leaders inspire them (73.3%), and if their leader was able to make difficult decisions (61.6%). The majority was also neutral when they were asked if the leader cared for their development (66.3%). The majority agreed when asked if the leader was open to new ideas

(58.1%) and is optimistic (74.4%) From the laissez-faire style, the majority were neutral when asked if the leader gives them time to fix their problems (51.2%), and if the leader takes responsibility for their actions(66.3%). The majority agreed when they were asked if the leader expects them to fix their problem on their own (54.7%), if the leader provides them with the necessary resources (58.1%), and if the leader interferes in situations that they have difficulty fixing(54.7%)

- From transactional leadership style, the majority agreed when asked if their leader lets them know what gets rewarded (52.3%), if the leader takes into account all constraints when making a decision (79.1%), and if leader rewards team work (82.6%). The majority were neutral when they were asked if their leader believes in the status quo (71%) and if the leader always takes action when things go wrong (65.1%)
- From the intrinsic motivation, the majority strongly agreed when they were asked if they believe in their work (70.9%), if they are happy to stay late to finish work (91.9%), if they enjoy their work (91.9%), if they are always ready to solve new challenges (91.9%), if their work gives them a sense of accomplishment (91.9%), if they work at Coca because it pays well (70.9%), and because it helps them achieve their desired lifestyle (70.9%). The majority agreed when asked if their work gives them security (86%), and if they do their work on time so that they don't get bad performance (64%) and to get promoted (84.9%).
- From the level of leadership styles, it can be seen that transformational leadership style is the dominant style. Transactional and laissez-faire style are equal second.
- From the Pearson correlation, it was found that transformational leadership style, transactional leadership style and laissez-faire leadership style have a strong positive relationship to motivation in the employees of Coca Cola. That means, when these leadership styles increase, the motivation of employees also increases.

- It was found that there was a strong relationship between transformational leadership style, laissez faire leadership style, transactional leadership style and the motivation of Coca Cola employees. The study also found that these leadership styles can explain 56.9% of the deviation in
- The coefficients summary showed that transformational leadership style has the highest positive effect on motivation, transactional leadership style has the most negative effect on motivation and laissez faire leadership style has a negative effect on motivation.

## **5.2. CONCLUSION**

The purpose of the study was to see the effect of leadership style on motivation, in the case of Coca Cola Company. It was found that for the transformational leadership style, transactional leadership style and laissez faire leadership style have a strong positive relationship to motivation. That means when all of the leadership styles increase, the motivation of the employees increase.

It was also seen that transformational leadership style has the highest positive effect on motivation, transactional leadership style has the most negative effect on motivation and laissez faire leadership style has a negative effect on motivation.

The study found a strong relationship between transformational leadership style, laissez faire leadership style, transactional leadership style and the motivation of Coca Cola employees. The study also found that transformational leadership style, laissez faire leadership style, and transactional leadership style have explained 56.9% of the deviation in motivation of Coca Cola employees.

### **5.3. RECOMMENDATION FOR COCA COLA**

The company should maintain the type of leadership it is implementing. It was found that the motivation of employees was high with all three leadership styles. This showed that Coca Cola has identified the type of leadership that worked with its employees. It should maintain the understanding of its employees.

It is recommended that transformational leadership continue to be implemented because it was seen that transformational leadership has the highest positive effect on motivation.

It was also seen that the employees perceive transformational leadership style to have the highest positive effect on motivation, transactional leadership style to have the most negative effect on motivation and laissez faire leadership style to have a negative effect on motivation. So, it will be best if Coca Cola implemented the transformational leader style more.

Overall, the researcher suggests to employ the transformational leadership style because it was seen that the employees perceive it to have the highest positive impact and that they are highly motivated with this type of leadership style.

ADDIS ABABA UNIVERSITY, SCHOOL OF COMMERCE, DEPARTMENT OF BUSINESS  
LEADERSHIP, FINAL PROJECT SURVEY QUESTIONNAIRE

Dear Respondent,

Thank you for agreeing to fill out this survey. My name is Estifanos and I am working on my final project for my Masters in Business Leadership on the topic of leadership styles and motivational factors. I request your cooperation for filling this questionnaire. The data collected on this questionnaire will be kept confidential and will only be used for academic research. If any question, please contact me at 0909483261.

**General Directions:**

- Don't write your name
- Thank you for your cooperation.

**Demographical Information**

**1. Gender:**

Male  Female

**2. Age:**

Below 20  21-30  31-40  41-50  Above 50

**3. Education:**

Diploma  Bachelor Degree  Masters Degree  PhD  Others

**4. Number of years you worked in Coca Cola:**

0-5 years     6-10 years     11-15 years     Above 15 years

Please mark the boxes for the statements listed below

<b>TRANSFORMATIONAL LEADERSHIP STYLE</b>					
	<b>Always</b>	<b>Often</b>	<b>Sometimes</b>	<b>Once in a while</b>	<b>Never</b>
My leader inspires me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader is able to make difficult decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader is open to new Ideas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader is optimistic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader cares for my development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>LAISSEZ-FAIRE LEADERSHIP STYLE</b>					
My leader gives me to fix my problems on my own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader expects me to make decisions on my own	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader provides me with the necessary resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader takes responsibility for my actions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader interferes in situations that I have difficulty fixing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>TRANSACTIONAL LEADERSHIP STYLE</b>					
My leader lets me know what gets rewarded	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader takes into account all constraints when making a decision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader believes in sticking to the status quo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader always takes action when things go wrong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My leader rewards teamwork	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>INTRINSIC MOTIVATION</b>					
I believe in my work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am happy to stay late to finish my work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I enjoy my work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I am always ready to solve new challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>EXTRINSIC MOTIVATION</b>					
My work gives me a sense of accomplishment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I work here because they pay Well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I work here because it helps me achieve my desired lifestyle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I do my work on time so that I don't get bad performance results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I do my work on time because I want to get promoted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My work gives me security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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