



ADDIS ABABA UNIVERSITY COLLEGE OF COMMERCE

**THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE MOTIVATION IN
THE CASE OF BGI ETHIOPIA PLC (St. George Brewery)**

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)

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Addis Ababa

STATEMENT OF DECLARATION

I, the undersigned, hereby declare that the work contained in this thesis is my own original work and that I have not previously in its entirety or in part submitted at any university for a degree.

Signature: _____ Date: _____

STATEMENT OF CERTIFICATION

Addis Ababa University

School of Graduate Studies

This is to Certify that the thesis prepared by *Kidist Deneke*, entitled: “*The Effect of Leadership Styles on Employee Motivation: A Case Study on BGI Ethiopia PLC*” in partial fulfillment of the requirements for the Degree of Master of Arts *in Business Leadership* complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Advisor: _____ Signature: _____ Date: _____

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ABSTRACT

This study looks in to the leadership styles effects upon the employees' motivation at the headquarters of BGI Ethiopia PLC. The study's main objective is to see how leadership style affects employee motivation in BGI Ethiopia, specifically St. George Brewery. For this purpose, the researcher employed research methods that aided in achieving the research objectives. Thus, a quantitative research design was used which entails the collection and analysis of appropriate data with the use of SPSS Version 20 software. This process utilized descriptive terms, Pearson and inferential statistics to facilitate decision making by using 128 survey questionnaires. The results shows that the relationship between transformational leadership styles with employee motivation was statistically significant have positive relationship. On the other hand Transformational leadership style and laissez-faire leadership style have statistically significant and moderate relationship. Inferring from findings it is recommended for the organization to use transformational leadership styles in administrative and office support roles and transactional leadership style in middle management levels and laissez faire leadership style in departments where project managers oversee everything and don't necessarily need managers looking over them.

Keywords: *Motivation, transformational leadership, transactional leadership and laissez-faire leadership*

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CHAPTER ONE

1 INTRODUCTION

1.1 Background of the Study

Leadership, very critical component in organizational success and determining what constitutes a successful leader has been a debated topic for years. Effective leaders are important for organizational success, according to Robbins, Coulter and Vohra (2010). Effectiveness of leadership is about achieving desired results such as producing more with less input that indicates increased efficiency, value and customer satisfaction. According to a survey conducted by Posner and Kouzes (2008), many people in the world have spent many years trying to figure out what people want from their leaders and consequently truthful, forward-thinking, skillful and inspiring have taken the lead. As a result, one of the most important duties of leaders is to inspire their subordinates to give their full potential in achieving overall organizational goals.

In today's dynamic and open trade, motivation is a critical component for any business success. It's a composition of internal and external traits of an individual which includes job circumstance, preference of each individuals and organizational practices (Chowdhury and Gopal, 2014). In addition according to (Ingvar son, 2009), the force that drives people to achieve their goals is called 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.

Leadership and motivation are important factors in determining organizational accomplishment as well as employee satisfaction. As a result, the relationship and interlink between effective leadership and effective employee motivation is critical for all firms. In most situations, leaders challenge enormous difficulties in motivating their personnel to accomplish exceptional results that will help the organization to succeed. As a result, leaders must understand what motivation is, what forms of motivation employees require, types of motivation that will result in firms transformation and success because the approach to motivate employees vary depending on personal characteristics and beliefs. According to Guay (2010) definition, motivation is merely the act of creating a reason for someone to do something.

1.2 Background of the Organization

This paper is based on BGI Ethiopia which was established and been operating in Ethiopia since 1998. BGI Ethiopia PLC is engaged in the production and distribution of beer, wine and beverages. The company has five breweries along with the legendary St. George Brewery which is placed in Addis Ababa, the Kombolcha brewery, Machew northern brewery Zebidar brewery and the Hawassa brewery with joint production

capacity of 3.6 million Hectoliters of beer bottle and drafts per annum. In addition BGI Ethiopia PLC owns and manages the castle winery and vineyard which have been founded in 2012 and placed in the city of Zeway and the wine yard produces 12,000 Hectoliters of various varieties of wine under the brand name of Acacia and Rift Valley annually. (Bgiethiopia.com/history)

BGI Ethiopia PLC's products are distributed by partner agents in all parts of the country and exported internationally to North America, Europe, Middle East (Israel and UAE), Australia, Africa and Asia. The company currently employees two thousand four hundred fourteen permanent and one hundred eighty three seasonal employees, among these nine hundred fifty six permanent and fifty eight seasonal employees are from Addis Ababa St. George Brewery.

The vision of the company is to become and remain the absolute beer market leader in Ethiopia and the mission of the company are to produce, sell and give their customers the best quality most loved brand in Ethiopia. The primary objectives of the company are to produce and distribute quality bottle and draft beer to local and foreign market, with quality focused customer satisfaction and results oriented and innovation.

1.3 Statement of the Problem

There hasn't been much research on effects of leadership styles on employees' motivation up to this point. Creech (1995) contends that whereas physiological requirements used to be sufficient to motivate employees, nowadays it isn't enough as their wants are changing and increasing through time. Hence, leaders need to fulfill and encourage their employees' needs and wants.

Manufacturing services are the main business of BGI Ethiopia PLC and falling to grasp what employees' desire and what would motivate them is a major issue that requires an immediate attention, as HR is the most powerful force an institute can utilize to ensure its long term sustainability and accomplishment. Thus, this study will enable to learn the approaches that have been used in the past and things that could be done to improve employee's motivation and to determine the level of extrinsic and intrinsic motivation of employees. This will help to understand why employees of BGI Ethiopia PLC are

motivated to do their share of the job and the links that leadership styles have with employee motivation.

Past studies focused on discussing employee motivation and leadership styles separately. The current study tries to examine the link between the two variables setting employees motivation a dependent and leadership styles as an independent variable. Understanding which leadership style affect employee motivation helps practitioners to set appropriate leadership style to get more motivation from their employees. Therefore, this study will try to complete the gap around this topic on the relationship between the two variables and helps leaders to consider employee motivation in setting their leadership styles.

1.4 Research Questions

1. Does transformational leadership style affect employees' motivation?
2. Does transactional leadership style affect employees' motivation?
3. Does laissez faire leadership style affect employees' motivation?

1.5 Research Objectives

1.5.1 General Objective

The general aim is to assess the effects of leadership style on employee's motivation of BGI Ethiopia PLC (St. George Brewery).

1.5.2 Specific Objectives

- ✦ To assess the effect of transformational leadership style on employee motivation.
- ✦ To assess the effect of transactional leadership style on employee motivation.
- ✦ To assess the effect of laissez faire leadership style on employee motivation.

1.6 Significance of the Study

In the case of BGI Ethiopia PLC, the results will benefit areas done on leadership styles and it affects employee motivation in the brewery sector. Additionally, the findings of the study benefits BGI Ethiopia PLC managers and staff members in developing a smooth working relationship within the company and the findings of the study is critical in evolving a course of action to identify and resolve the concerns regarding the effects of leaderships styles on employee motivation in long-term plans that encourages employees

to remain as a higher performance of the organization. Furthermore, the study also invites other researchers and serves as a foundation for those who want to undertake additional research on relevant themes and for other companies.

1.7 Scope of the Study

The study analyzes the association of leadership styles and employee motivation. This research focuses on transformational, transactional and laissez faire leadership styles, other leadership styles are excluded and motivation is considered as a single order variable with no dimensions. The study uses quantitative analysis method to conduct its research. The investigation concentrates on BGI Ethiopia PLC headquarter, namely St. George Brewery.

1.8 Limitation of the Study

These study parameters the influence of leadership styles of BGI Ethiopia PLC on employees' motivation. This hinders the generalizability to similar organizations had the data been collected from more organizations its generalizability would be more. Also, three leadership will be focused upon the current study as independent variables. It would be more meaningful if it examines other leadership styles and make the study exhaustive. Finally, due to time and budget constraints, the research is limited to only the organization's headquarters.

1.9 Organization of the Paper

The thesis is organized into five main chapters, each containing key topics from the research. The first chapter contains the introduction section which includes the study's background with its problem, objectives, scope, limitation and significance. The following section deals with literature and empirical review related to leadership effectiveness and the factor that affect it. The third chapter covers research methodology and design, including data sources, data gathering methods of data analysis, sampling procedures and presentation. The fourth chapter covers the presentation and implication of the analyzed data. Finally the fifth and the final chapter, which is the closing chapter includes a summary of conclusion and recommendations based on primary findings, as well as a list of references and suitable appendixes.

1.10 Definition of Key Terms

- ✦ Leadership is defined as a person's ability to influence the behavior of a group in order to achieve organizational goals. When one person of a group member influences the motivation or abilities of others in the group is known as leadership (Robbins, 2001).
- ✦ Leadership effectiveness is a means of enhancing strategy of an organization's competitiveness, success and adaptability by planning, organizing and allowing members to participate at the appropriate time (Oakland, 1993).
- ✦ Motivation is an act or a procedure that provides people with a purpose to do something in a certain way and a reason of their recurrent actions, wants and preferences (Elliot, 2001).

CHAPTER TWO

2 REVIEW OF RELATED LITRATURE

This chapter purpose is to generalize concepts and theories from past research investigations as well as publicly available journals, books and article content relevant to the research to be done. Theoretical overview, empirical review of relevant works and conceptual framework are the three elements of this chapter.

2.1 Theoretical Literature Review

2.1.1 The Concept of Leadership

Various experts have different definitions of leadership and each based on their individual perspectives. As an instance, George and Jones (2005) describe leadership as “the exercise of influence by one member of group or organization over the other members in order to help them to reach their goals. Leadership, according to Stogdill (2003), is described as an interaction between individuals or a group. Selling ideas, making commitment, modeling people’s action, persuading teams, engaging in conversation, aligning organizations and reaching to good outcomes are all aspects of leadership (Alan, 2015). A superior capacity to influence subordinates’ behavior and persuade them to take particular course of action is known as leadership (Barnard, 1938). Knootz and O’Donnell (1976) define leadership as an art of persuading people to work freely towards the attainment of group goals. Leadership is defined as a person’s ability to influence the behavior of a group in order to achieve organizational goals (Robbins, 2001).

2.1.2 Leadership Styles

Finding a single definition of leadership, according to Bass and Avolio (1997), is a difficult work because there are several studies on the subject and also there is no single universally agreed definition. Some define leadership as an act of influence and while others view it as a process or based on people’s personality traits (Lussier & Achua, 2001). There are various leadership styles from those authoritarian, paternalistic, democratic, laissez-faire, transformational and transactional leadership styles are among

the few (Alghazo, 2016). To make the research focused, the study is only going to address transactional, transformational and laissez faire leadership styles. Bass (1995) distinguished leadership styles as transformational, transactional and laissez faire leadership styles. Therefore the following are Bernard M. Bass's descriptions of leadership styles:

I. Transformational Leadership Style

Transformational leadership are charismatic, they inspire employees and appeal to their principles and moral standards by building and articulating a appealing future vision (Bass & Avolio, 1997). The ability to motivate people to improve change and follow is defined as transformational leadership style (Frances & Cohen, 1999). A transformational leadership style, according to (Frances & Cohen, 1999) is the ability to drive people to better, change and follow. Empathy, compassion, sensitivity, relationship development and invention are all characteristics of transformational leadership (Jin, 2010). According to (Bass & Avolio, 1997) transformational leadership occurs when a leader broadens his or her vision to include the interests of his or her employees and after generating awareness and acceptance of the staff's purpose and obligation the employees blend to appear beyond their personal self-interest of the good of the group. (Bass & Avolio, 1994) proposed four characteristics of transformational leadership style which are idealized influence, inspirational motivation, individual consideration and intellectual stimulation.

A. Inspirational Motivation

Inspirational motivation includes a leader's desire to motivate its subordinates to achieve goals by describing them in a way that is both entertaining and rewarding.

B. Idealized Influence

Idealized influence means is acting as a role model in front of employees and being willing to make sacrifices for the greater good of the organization.

C. Individual Consideration

Transformational leader demonstrate individual consideration by giving attention to and satisfying the needs of their followers. This comprises the leader's attention to, encouraging and supporting followers.

D. Intellectual Stimulation

Intellectual stimulation is refereed as a degree to which transformational leaders challenge assumptions, take risks and solicit feedback from followers. In conclusion, the leader empowers followers to investigate a problem in transparent, straightforward and creative manner.

II. Transactional Leadership Style

Transactional leaders work within current procedures and believe in enforcing penalties for requests that are not followed (Bass & Avolio, 1993). Transactional leaders, according to (Avolio, 1991), clearly identify, convey and explain how the work must be complete. Transactional leadership, according to (Mansour, 2012), emphasizes particular exchanges and a strong link between goals and rewards. As a result, company's employees aren't that much encouraged to go above and beyond what's plainly stated in their agreement. This particularly concerning for knowledgeable staffs for whom it is far more difficult to provide detailed job descriptions beforehand.

III. Laissez Faire Leadership Style

Leaders under laissez-faire leadership style are not attached to their subordinates or followers as Rahbi (2017) pointed out. This leadership style is best suited for companies with long-term staffs (Marion, 2009). However, it is not appropriate for workplaces and situations that require guidance, immediate feedback or reward (UhlBien & Marion, 2009). The emphasis of laissez faire leadership styles is to delegate responsibility and decision making to employees or subordinates (Cherry, 2020). Furthermore, a laissez-faire leadership style is one in which leaders postpone or delay making decisions, fail to coordinate efforts and are unavailable when they are needed in critical situations (Abasilim, Gberevbie and Osibanjo, 2019).

According to Bass & Avolio and Hartong & Van Muijen (1997), laissez faire leadership style users mostly avoid making any decisions as well as giving incentives to their subordinates and also providing encouraging, positive or negative feedbacks.

2.1.3 Motivation

Employee motivation is a critical tool for controlling employee's job behavior in work place (Olusola, 2011). Effective managers, according to (Abbas & Asgar, 2010) are also effective leaders because they encourage personnel to assist them to achieve corporate goals. Successful leadership is mostly determined by or characterized in terms of leader's capability to drive employees toward to common objectives, vision and mission (Shamir, Zakay, Breinin and Popper, 1998). Employees' intrinsic or extrinsic motivation to work is an important part in employee's lives because it is the crucial motive for working (Ololube, 2006). Intrinsic motivation is driven by personal delight, interest or preference (Lai, 2011) and it entails performing a task for the sake of the inherent satisfaction of an activity. Extrinsic motivation is defined as doing work responsibly because it is inspiring or delightful on its own (Rayan & Deci, 2000).

Over three decades of research has revealed that the quality of one's experience and performance can fluctuate dramatically depending on whether one is performing for intrinsic or extrinsic motivations (Ryan & Deci, 1985).

A. Intrinsic Motivation

According to Morse (2003), many leaders believe that financial benefits are sufficient to drive their staff members however money alone will not motivate employees if the leader ignores the individual's desire to contribute to the organization and to find purpose in their work while Ryan & Deci (2000) claimed that implementing intrinsic motivation in to practice leads to increase in productivity and self-actualization. Intrinsic motivation refers doing one task only because you want to do it not because you want to get rewarded. So leaders should aim to develop this type of motivation in their company by praising their achievement and involve them in activities that make them feel important.

According to Guay (2010), intrinsic motivation and intrinsic value are tightly linked. Intrinsic motivation is defined as motivation that is driven by individual interest, desire or

delight. Intrinsic motivation is defined as doing a particular task for the sake of its intrinsic pleasures rather than for some external benefit. When a people are intrinsically driven, he or she is inspired to perform because it is enjoyable or challenging. According to Ryan & Deci (2000), some tasks are intrinsically motivating for people while others are not and not everyone is naturally driven for any type of work.

B. Extrinsic Motivation

Despite the fact that intrinsic motivation is basically important, most people's behaviors are not motivated by it. Extrinsic motivation is a principle that relates whenever an activity is carried out with the goal of achieving a certain result. Nonetheless, unlike some models that regard extrinsically motivated behavior as essentially none, we believe that extrinsically motivated behavior is invariantly non-autonomous; these scholars claim that extrinsic motivation can vary substantially in terms of independence. An employee who did the task solely to avoid negative reinforcements for failing to do so is extrinsically motivated since the activity is completed in order to achieve the separate goal of avoiding negative reinforcements. Similarly, an employee who does the task because he or she believes it is important for a specific career is extrinsically driven because it is done for its practical usefulness rather than because it's enjoyable. Although both examples involve instrumentalities, the later situation entails personal endorsement and sense of choice whereas the earlier case entails merely complying with an external control. Both types of extrinsic drive constitute deliberate activity, although the relative autonomy of the two types of extrinsic incentive are different (Ryan & Deci, 2000).

2.2 Empirical Literature Review

I. Transformational Leadership Style and Motivation

Alghazo and AlAnazi (2016) conducted a study on the impact of leadership styles and employee motivation at a private Saudi Arabia petrochemical Firm and based on their findings they concluded that there is a positive and significant relationship between transformational leadership style and employee motivation.

Admelcew (2015) conducted a research among Haremiya University employees in Ethiopia to investigate the effects between transformational, transactional and laissez

laissez faire leadership styles on employee motivation. The study's finding shows that transformational leadership style and employee motivation have a positive and significant relationship.

Uddin (2019) conducted research on the effect of leadership style on employee motivation in Bangladesh on the employee serving banking organization and concluding that among the styles only transformational leadership has a substantial impact with both intrinsic and extrinsic motivation.

II. Transactional Leadership Style and Motivation

Alghazo & AlAnazi (2012) conducted a study on the effect of leadership style on employee motivation and conclude that there is a strong relationship between leadership styles and employee motivation where it was found that there was positive with transformational leadership style and negative relationship with transactional leadership styles.

Eden (2019) conducted a study on the effect of leadership styles on employee motivation of KAKI Motors Company in Ethiopia. Based on her findings she concluded that both transformational leaders and transactional leaders have significant relationship. But more positive relationship with transformational leadership style in motivating employees and focus on hiring transformational leaders to incur real change.

Chaudhry and Javed (2012) conducted a research on the impact of transactional and laissez faire leadership style on employee motivation in the Pakistan banking sector. Their findings suggest that transactional leadership style and employee motivation have a positive and significant relationship.

III. Laissez-Faire Leadership Style and Motivation

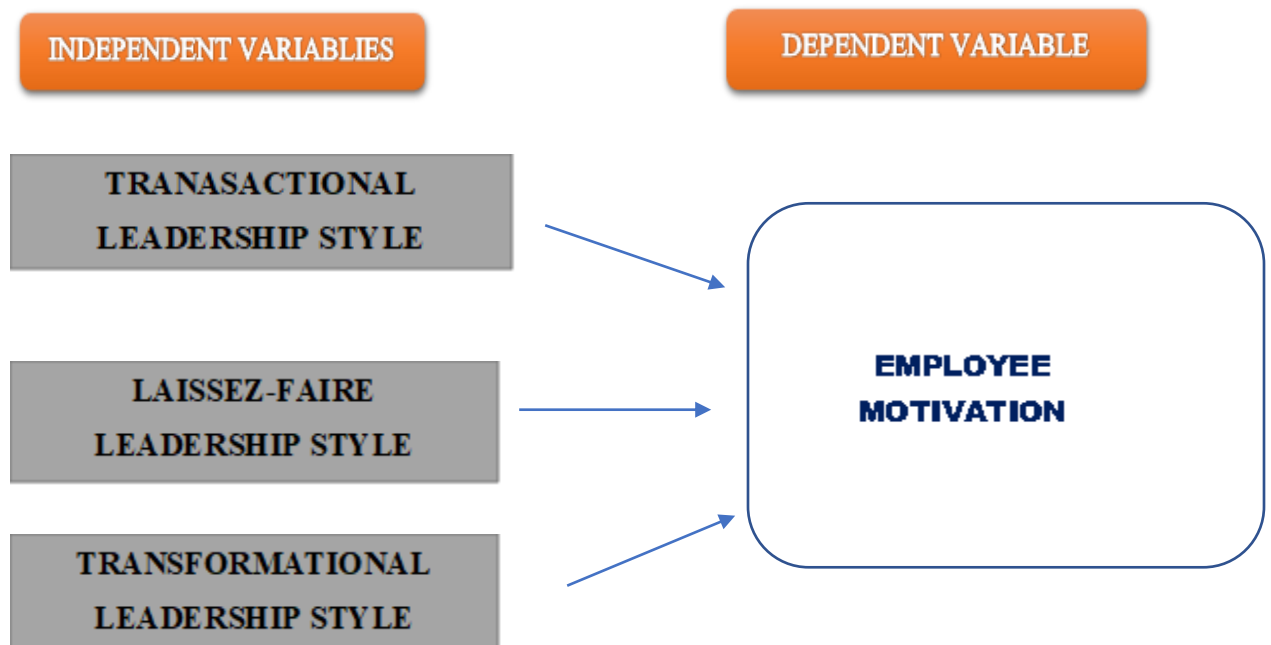
According to (Fiza, 2017) study conducted on leadership styles and employee motivation, from the perspective of developing economy in Pakistan and it was concluded that laissez faire leadership style had a positive significant effect on employee motivation.

Al-Altheeb (2020) did a research on effect of leadership style and employee motivation on the Arabian workplace and discovered that a laissez fair leadership style had a strong and significant impact on employee motivation.

2.3 Conceptual Framework

Based on the evidence reviews in the literature and considering the research objectives the following conceptual frame work is developed. The study's conceptual framework will be organized based on the study's purpose. The three leadership styles will be the independent variables in the study with employee motivation as the dependent variable. The conceptual framework for this investigation is depicted in Figure 1 below.

Figure 1: Conceptual Framework



The three hypotheses of the study are:

- I.** Transformational leadership has a significant association as well as a positive one with employee motivation
- II.** Transactional leadership has a significant association as well as a positive one with employee motivation
- III.** Laissez-faire leadership has a significant association as well as a positive one with employee motivation

CHAPTER THREE

3 RESEARCH METHODOLOGY

Methods of the research on assessing the data along with its approach, design, sampling process and instruments to aid in the data analysis is presented in this section.

3.1 Research Approach

According to Chetty (2016) research approaches are a set of steps that range from general assumptions to detailed data collecting, analysis and interpretation methodologies. Quantitative, qualitative and mixed methods researches are approaches of conducting a research (Creswell, 2002). Quantitative research quantifies information and applies it to statistical analysis in order to support or deny alternative knowledge assertions (Creswell, 2003). The quantitative technique is best suited for this research because the goal of this study is to investigate the link between the variables. Moreover the quantitative technique determines whether or not the presence of a significant relationship exists, as well as the relationship between the variables in this study.

3.2 Research Design

According to Durrheim (2004) it's expressed that research design is a strategic frame of action that serves as a link between research questions and research implementation plan. To answer the research questions, a research design is a plan for setting subjects, research setting and data collection processes (MacMillan & Schumacher, 2001). The researcher used an explanatory and descriptive research design to study the cause and effect association between the variables of the research and their relationship among them. As a result the goal of this research is examining the influence of the leadership styles on employee motivation so the approach is appropriate and useful in assessing the relationship and to draw conclusions from the findings.

3.3 Target Population, Sample Frame and Sampling Size

The whole group of persons from which the sample will be drawn and which a researcher is interested in reaching and evaluating is referred to as the target population (McLeod, 2019). The target population of this study is employees of working in BGI Ethiopia PLC

Head Office that is 263 employees. Permanent employees of BGI Ethiopia PLC (St. George Brewery) at the head office will be the target group for this study. This study takes individuals with non-managerial position as a unit of analysis. Non-managerial employees are selected because it is through them that the leadership styles of their leaders are determined. It also examines their perceptual motivation at their work place.

Sample frame is the source of substantial or equipment that the samples are drawn. According to Everitt (2010), it was explained as it's a comprehensive list of everyone or everything the researcher wants to investigate. So for this study, the sample frame will consist of 263 employees of BGI Ethiopia PLC Headquarter (St. George Brewery).

The sample size referring to Kothari (2004) is:

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

$$n = 263 / 1 + (263 * (5\%^2))$$

$$n = 158.67; \underline{159}$$

As a result in this study, this will be conducted at the Head office of BGI Ethiopia PLC. The value as follows is going to be used to calculate the sample size; N=263 e=5%, giving the sample size (n) equals to 159 sample respondents at headquarter. Respondents will be chosen randomly among those who are present at work place throughout the data collection process.

3.4 Sampling Method and Procedure

Sampling design according to Lavrakas (2008) is known as a framework for sample selection in survey. Probability and non-probability sampling are the two most common forms of sample designs. The samples (individuals) will be drawn from the population randomly. The first employee will be identified randomly from employees list and the next elements to be included will be selected using simple random sampling. Therefore, employees in the list will have equal chances and to be included in the study so this avoids biases from non-random samples.

3.5 Data Collection Methods

The data needed for this study will be gathered from both primary and secondary source. The primary data will be collected from BGI Ethiopia PLC's at Addis Ababa branch target populations. This will be accomplished by providing survey questionnaire to the respondents. The secondary data will be acquired from prior studies on related topics as well as books and articles.

While using the primary and secondary sources, a structured questionnaire based on a 5 point Likert Scale rating system, with 5 representing “strongly agree” and 1 representing “strongly disagree” to assess leadership styles and their effect on employee motivation was used. The questionnaire was used based on the scholars Bass & Avolio (1995) to assess employees' motivation in relation to leadership styles in BGI Ethiopia PLC. There are five sections in the questionnaires. The first section inquires about the respondents' demographics, the second section asks about transformational leadership styles, then next section asks about transactional leadership styles and the fourth part is about laissez faire leadership style and the final section is about both intrinsic and extrinsic motivational factors.

3.6 Methods of Data Analysis and Processing

According to Cooper and Schindler (2000), data analysis is defines as “the act of editing and reducing gathered data to a manageable amount, providing summaries, detecting patterns and utilizing statistical approaches. In order to assess the data collected from the respondents will be analyzed using both descriptive and inferential statistics. The researcher will use Pearson's method, correlation analysis as well as regression analysis to determine how much the independent variable will influence the dependent variable and also to assess the significance of these relationships and draw conclusions. This will be done by using the SPSS Version Software 20.

3.7 Reliability and Validity

The term “reliability” refers to the process of determining the internal consistency of variables in a study. Cronbach’s Alpha will be utilized to measure consistency in this investigation. A questionnaire is said to be reliable when its alpha is 0.70 or above (Malhotra, 2007). Validity is method which is used to check the steadiness of the research. Its goal is to determine whether the results accurately reflect the study’s variable.

3.8 Ethical Consideration

The research is carried out in an ethical manner. The questionnaires were provided to the respondents on a voluntary basis and announced ahead of time. Any data gathered will be kept private and used solely for the purpose of this academic study. The student researcher followed the university’s guidelines and conducted the research in an objective manner.

CHAPTER FOUR

4 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

This chapter presents the research's data analysis and interpretation with tables and graphs supporting each component.

4.1 Response Rate of Respondents

Table 1: Percentage of Employees who responded

Response Status	Frequency	Percentage
Distributed Questionnaire	159	100%
Returned Questionnaire	128	80.50%
Not returned Questionnaire	31	19.49%

(Survey conducted, 2021)

The percentages of returned and non-returned questionnaires are shown in the table 1. 128 questionnaires were used in the study as they were returned out of 159, which is 80.50%.

4.2 Demographics of Respondents

Table 2: Gender

	Frequency	Percent	Cumulative Percent
Male	59	46.1	46.1
Female	69	53.9	100
Total	128		100

(Survey Conducted, 2021)

Based on the results found in table 2, the gender constitution of BGI Ethiopia PLC Respondents is 53.9% female and 46.1% male.

Table 3: Age

	Frequency	Percent	Cumulative Percent
21-30	76	59.4	59.4
31-40	40	31.2	90.6
41-50	12	9.4	100.0
Total	128	100.0	

(Survey conducted, 2021)

Based on the output in table three, the results illustrates that 59.4% of the respondents are in the ages of 21 and 30, 31.2% are b/n the ages of 31 and 40 and the rest 9.4% are in the ages of 41-50.

Table 4: Educational Level

	Frequency	Percent	Cumulative Percent
Diploma	15	11.7	11.7
Bachelor Degree	90	70.3	82.0
Masters	23	18.0	100.0
Total	128	100.0	

(Survey conducted, 2021)

Based on the data in the table, the results show that 11.7% of the respondents have diploma certificate, 18% have a master's degree and the remaining plus the majority 70.3% from the total respondent in BGI Ethiopia PLC have bachelor degree education.

Table 5: Working Experience

	Frequency	Percent	Cumulative Percent
0-5	18	14.1	14.1
6-10	67	52.3	66.4
11-15	38	29.7	96.1
Above 15	5	3.9	100.0
Total	128	100.0	

(Survey conducted, 2021)

The above data on the table five indicates that, 14.1% employees from the total respondents have a working experience of 0-5 years, 29.7% of the respondents have a working experience of 11-15, 5 respondents which account 3.9% from the total respondent are employees with a working experience above 15 years and the majority 52.3% of the respondents are employees with working experience of 6-10 years.

4.3 Reliability Analysis

Table 6: Reliability Analysis

Variables	Cronbach's Alpha
Transformational Leadership Style	0.822
Transactional Leadership Style	0.785
Laissez-Faire Leadership Style	0.798
Employee Motivation	0.833

(Survey conducted, 2021)

Reliability was examined by employing Cronbach Alpha through SPSS version 20 Software to make sure the questionnaire used was consistent and reliable. Therefore, the result shown in the above table implies that the study's questionnaires are reliable.

4.4 Descriptive Analysis

This part discusses the respondent's overall perception on the effect of leadership styles on BGI Ethiopia PLC's employee motivations. The terms agree, neutral and disagree were used to summarize the findings.

4.4.1 Analysis for Transformational Leadership styles

Table 7: Descriptive Analysis for Transformational Leadership Style

No	Statements	Disagree (SD+D)	Neutral	Agree (SA+A)
1	I am Inspired by my Boss	4.69% (6)	13.28% (17)	82.03% (105)

2	Our Leader is capable of making tough decisions.	8.59% (11)	16.41% (21)	75% (96)
3	Our leader is receptive to new suggestions.	10.16% (13)	15.62% (20)	74.22% (95)
4	Our Leader is encouraging	4.69% (6)	21.88% (28)	73.44% (94)
5	Our leader is concerned about my progress	9% (12)	21.09% (27)	69.91% (89)

(Survey conducted, 2021)

From the above table, 4.69% disagree, 13.28% neutral and the remaining 82.03% agree to the first assertion of leaders inspiring employees. The tables also shows 8.59% disagree, 16.41% replied neutral and the rest 75% replied agree to the statement of leader ability to make difficult decision. From the questionnaires distributed, participants responded 10.16% as disagree. 15.62% as neutral and the remaining majority 74.22% replied as agree for the statement our leader is open to new ideas. For the statement our leader is encouraging, employees from the total respondents in BGI Ethiopia PLC responded that 4.69% as disagree, 21.88% as neutral and the rest 73.44% replies as agree. The table also indicates that respondents responded to the final statement of our leader is concerned about our progress as 9% agree, 21.09% as neutral and the remaining 69.91% reply as agree.

4.4.2 Analysis for Transactional Leadership Styles

Table 8: Descriptive Analysis for Transactional Leadership Style

No	Statements	Disagree (SD+D)	Neutral	Agree (SA+A)
1	Our leader inform us of what is awarded	20.31% (26)	28.9% (37)	50.79% (65)
2	When making a settlement, the leader considers all restraints	14.06% (18)	3.44% (30)	62.5% (80)
3	Our Leader seriously thinks in maintaining the Status quo	15.63% (20)	21.09% (27)	63.28% (81)
4	Whenever problem occurs, our leader immediately takes action.	18.75% (24)	25% (32)	56.25% (72)
5	Creativity effort and teamwork is rewarded by our leader	15.6% (20)	25% (32)	59.4% (66)

(Survey conducted, 2021)

From the above table eight, 20.31 disagree, 28.9 said neutral and the remaining 50.79% respond agree for the first assertion which is our leader inform us of what is awarded. The table also reveals that 14.06% from the target population replied disagree, 23.44% chose neutral and the rest 62.5% respond as agree to the statement of when making a settlement, the leader considers all restraints. From the questionnaire distributed to the target employees of BGI Ethiopia PLC, 15.63% of the target population replied disagree, 21.09% as neutral and the rest 63.28% from the target population answered as agree for

the statement that says our Leader seriously thinks in maintaining the Status quo. For the statement that says whenever problem occurs, our leader immediately takes action., employees of BGI Ethiopia PLC respondent respond 18.75% as disagree, 25% as neutral and the remaining 56.25% replied agree. Furthermore, the table also indicates that the respondents respond to the final statement of creativity effort and teamwork is rewarded by our leader as 15.6% as disagree, 25% neutral and finally the rest 59.4% agree.

4.4.3 Analysis for Laissez Faire Leadership Styles

Table 9: Descriptive Analysis for Laissez Faire Leadership Style

No	Statements	Disagree (SD+D)	Neutral	Agree (SA+A)
1	Our Manager allow us solve our issues on my own.	23.44% (30)	26.59% (34)	50% (64)
2	The Leader requires his employees to make their own decisions by themselves.	23.44% (30)	24.22% (31)	52.34% (67)
3	Our leader gives us all tools and material/ equipment which are needed	7.03% (9)	25.78% (33)	67.19% (86)
4	Our Leader is accountable for my actions	25% (32)	39.06% (50)	35.94% (46)
5	When I am having trouble in solving a problem my leader gets involved	16.41% (21)	24.22% (31)	59.39% (76)

(Survey conducted, 2021)

From the above table, 23.44% disagree, 26.56% choose neutral and 50% ticks agree to the first assertion. The table also shows from the target populations that were selected 23.44% disagree, 24.22% replied neutral and the rest 67% chose agree to the statement that the Leader requires his employees to make their own decisions by themselves. From the questionnaires distributed to employees of BGI Ethiopia PLC 7.03% of them respond disagree, 25.78% answer back neutral and the rest 67.19% respond agree to the statement that says our leader gives us all tools and material/ equipment which are needed. For the statements of our Leader is accountable for my actions, employees of BGI Ethiopia PLC respond 25% as disagree, 39.06% as neutral and the rest 35.94% answered as agree. The table also indicates that respondents responded to the final statement that says when I am having trouble in solving a problem my leader gets involved as 16.41% as disagree, 24.21% as neutral, and the rest 59.39% as agree.

4.4.4 Analysis on Intrinsic and Extrinsic Employee Motivation

Table 10: Descriptive Analysis on Intrinsic Motivation

No	Statements	Disagree (SD+D)	Neutral	Agree (SA+A)
1	I feel confident and competent in my job	-	35.16% (45)	64.84% (83)
2	I'm willing to remain late to complete my task	31.25% (40)	25% (32)	35.94% (46)
3	I love my job and it is enjoyable for me	-	42.19% (54)	57.82% (74)

4	I'm constantly up for tackling new problems	15.63% (20)	38.28% (49)	46.09% (59)
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(Survey conducted, 2021)

From the above data on the table the target populations of BGI Ethiopia PLC personnel respond 35.16% as neutral and the remaining 64.84% answerback as agree to the first statement on the intrinsic motivation part on the questionnaire that says I feel confident and competent in my job. The table also indicates respondent's answer to the statement that says I'm willing to remain late to complete my task and 31.25% of the respondents disagree to the above statement, 25% neutral and the remaining 35.94% answer back as agree. For the assertion that was stated as I love my job and it is enjoyable for me, target respondents of the company respond 42.19% as neutral and the remaining respondent's 57.82% answered agree. The data also indicates 15.63% as disagree, 38.28% as neutral and the remaining 46.09% answerback agree to the statement that says I'm constantly up for tackling new problems.

Table 11: Descriptive Analysis on Extrinsic Motivation

No	Statements	Disagree (SD+D)	Neutral	Agree (SA+A)
1	I get a feeling of achievement in my job	20.31% (26)	25% (32)	54.69% (70)
2	I chose to work here for the reason that I am highly compensated	-	29.69% (38)	70.31% (90)

3	I work here so it enables me to lead the life I want	19.53% (25)	28.91% (37)	53.13% (66)
4	I usually finish my job on time in order to avoid receiving poor ratings	25.78% (33)	-	74.22% (95)
5	I usually complete my task in a timely manner in order to receive rewards	19.53% (25)	28.91% (37)	51.56% (66)
6	This job provides me a sense of safety	34.37% (19)	23.44% (30)	42.19% (54)

(Survey conducted, 2021)

From the above data on the table 20.31% disagree, 25% respond neutral and the remaining 54.69% of the target employees tick agree to the assertion that says I get a feeling of achievement in my job. For the assertion that was stated as I chose to work here for the reason that I am highly compensated, 29.69% of the target population answerback neutral and the remaining 70.31% respond agree. As it is shown in the above table 19.53% tick disagree, 28.91% answerback neutral and the remaining 53.13% from the target population strongly agree to the above statement I work here so it enables me to lead the life I want. The table also indicates respondents answer to the statement that says I usually finish my job on time in order to avoid receiving poor ratings and 25.78% of them disagree and the rest and the majority 74.22% answerback as disagree. The data also indicates 19.53% as disagree, 28.91% as neutral and the remaining 51.56% answerback agree to the assertion that states I usually complete my task in a timely manner in order to receive rewards. For the last statement from the questionnaire in

extrinsic motivation part 34.28% disagree, 23.44% respond neutral and the remaining 42.19% answer back as agree.

4.5 Pearson Correlation Analysis

The correlation analysis of Pearson will be shown in the table below as it helps to know if the independent variables are significant towards the dependent variable also if they show positive or negative relationship.

Table 12: Correlation Analysis

		Employee Motivation
Transformational Leadership Style	Pearson Correlation	.426**
	Sig. (2 Tailed)	0
	N	128
Transactional Leadership Style	Pearson Correlation	.463**
	Sig. (2 Tailed)	0.001
	N	128
Laissez-faire Leadership Style	Pearson Correlation	.382**
	Sig. (2 Tailed)	0.02
	N	128
**Correlation is significant at 0.01 level (2-tailed)		

(Survey conducted, 2021)

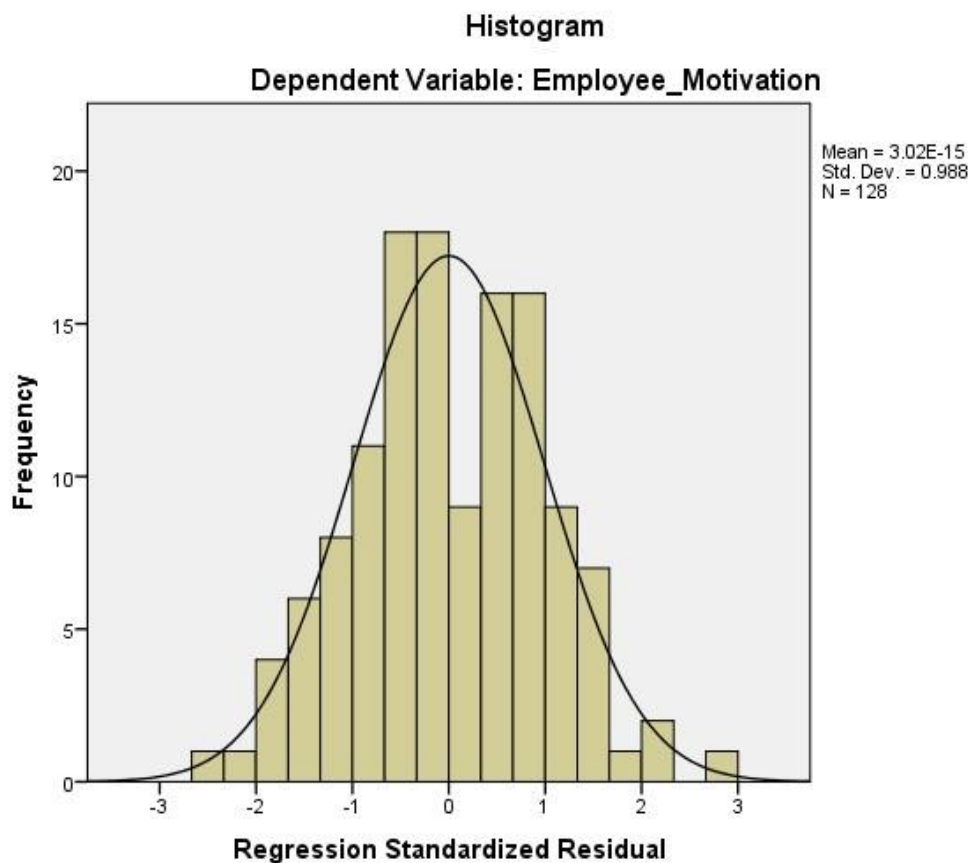
Results in the table reveal that transformational leadership style has 0.426 Pearson correlation value and is significant with probability of (0.000) with employee motivation. As one increase, so does the other, implying that transformational leadership style has moderate relationship with employee’s motivation. Correspondingly it can be deduced that transactional leadership style has 0.463 of Pearson correlation value and is significant with a probability of (0.001) with employee motivation. As one increases, the other increases as well and this implies that transactional leadership style has moderately

positive relationship to employees motivation of BGI Ethiopia PLC. Finally, it is deduced that laissez faire leadership style has (r) value of 0.382 and significant with probability value of (0.020) so implying laissez faire leadership style has moderate positive relationship with employee's motivation.

4.6 Test of Model Fit

4.6.1 Normality Test

Figure 2: Histogram of Normal Distribution

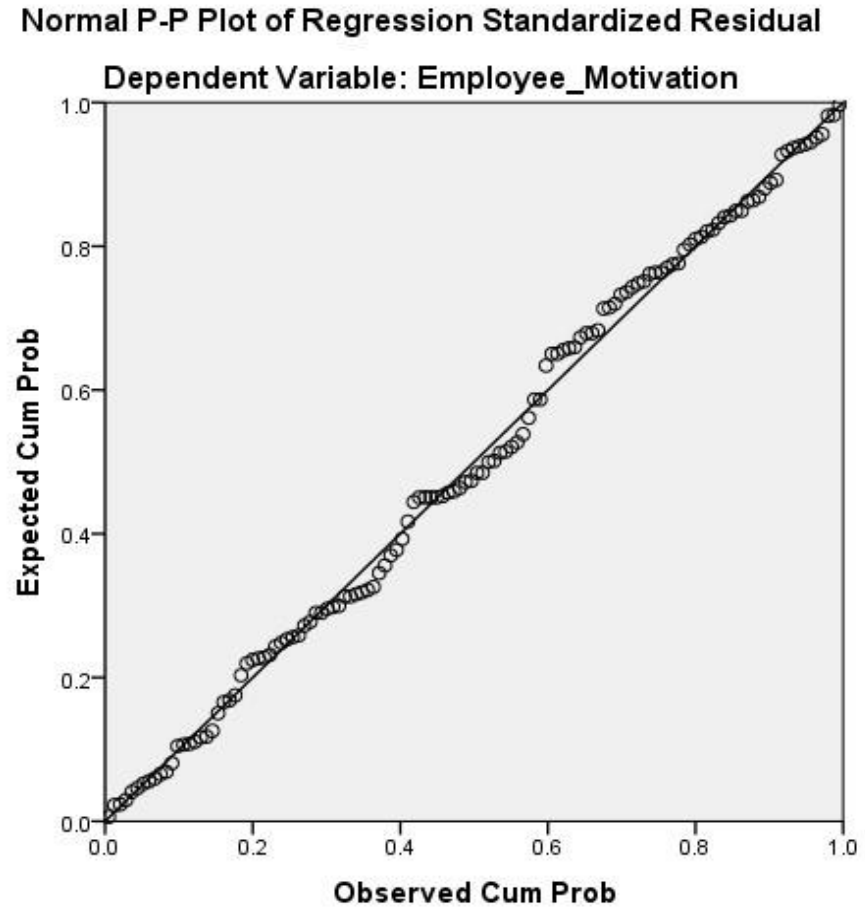


(Survey conducted, 2021)

The above figure illustrates the assumption of normality using histogram, from which it can be deduced that the data is normal because the line makes a form of a bell in Figure 2.

4.6.2 Linearity Test

Figure 3: Normal P-Plot



(Survey conducted, 2021)

The above diagram depicts the research variables are linear which explains why the black dots are circling near the horizontal line.

4.6.3 Multicollinearity Test

Table 13: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Transformational Leadership style	0.972	1.029
	Transactional Leadership style	0.768	1.033
	Laissez-faire Leadership style	0.683	1.017

(Survey conducted, 2021)

The table shows there is no multicollinearity effect because the tolerance of transformational, transactional and laissez-faire leadership styles is not less than 0.2 and also the variance inflation factor of transformational, transactional and laissez faire variables are less than 10.

4.7 Regression Analysis

4.7.1 Model Summary

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.235 ^a	0.291	0.272	0.25216
a. Predictors: (Constant), Laissez faire Leadership style, Transformational Leadership style, Transactional Leadership style				
b. Dependent Variable: Employee Motivation				

(Survey conducted, 2021)

The data shows the R Square of the regression model is 0.291 meaning that independent variables which are transformational, transactional and laissez faire leadership styles can explain 29.1% of the variation in employee motivation.

4.7.2 ANOVA

Table 15: ANOVA Table

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.461	3	0.154	2.418	.000 ^b
	Residual	7.884	124	0.064		
	Total	8.346	127			
a. Dependent Variable: Employee Motivation						
b. Predictors: (Constant), Laissez faire Leadership style, Transformational Leadership style, Transactional Leadership style						

(Survey conducted, 2021)

Regression model significance is presented using the ANOVA statistics reported in the above table 15. If the number is Sig. value is smaller than the alpha critical value, the effects are deemed to be significant.

4.7.3 Coefficient of Variables

Table 16: Multiple Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.096	0.08		1.195	0
	Transformational Leadership style	0.106	0.041	0.098	2.581	0.001
	Transactional Leadership style	0.334	0.046	0.322	7.28	0
	Laissez Faire Leadership style	0.747	0.037	0.765	20.45	0
a. Dependent Variable: Employee Motivation						

(Survey conducted, 2021)

The above table shows that there is a significant relationship between transformational leadership and employee motivation with probability value (0.001) and a positive relationship with beta 0.98. Adding to that, there is a significant association between transaction leadership and employee motivation with probability value (0.000) and positive relationship with beta 0.322. From the data on the table there is a significant association between laissez-faire leadership style and motivation of employees with probability value (0.000), which is smaller than 0.05 and a positive relationship with beta 0.765.

4.8 Hypothesis Testing

Table 17: Overview of Hypothesis

Hypotheses	Outcomes
H1: Transformational Leadership Styles have a significant and positive relationship with employee motivation	Accepted
H2: Transactional Leadership styles have a significant and positive relationship with employee motivation.	Accepted
H3: Laissez-Faire Leadership styles have a significant and positive relationship with employee motivation.	Accepted

(Survey conducted, 2021)

Based on these results the hypotheses of the study which are: Transformational leadership has a significant association as well as a positive one with employee motivation; Transactional leadership has a significant association as well as a positive one with employee motivation; Laissez-faire leadership has a significant association as well as a positive one with employee motivation are all accepted.

CHAPTER FIVE

5 SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

In this chapter, based on the results of overall target respondents, overview of research findings will be explained. This comprises study's findings for BGI Ethiopia PLC Company, as well as recommendations.

5.1 Summary of Findings

Based on 128 target respondents results described in the previous chapter, main findings are reviewed below. The following are the key findings:

- ✦ According to the research analysis of the survey a percentage of 46.1 are male and a percentage of 53.9 are female. The study was also found most of the respondents of BGI Ethiopia PLC Company are in the ages range of 21 and 30 which is 59.4% and 31.2% are in age range of 31 and 40 and the remaining 9.4% are between the ages of 41 and 50. Moreover, the research analysis also found that the majority of the respondents which is 70.3% are bachelor degree holders, 18% have master's degree and the remaining 11.7% of the respondents have diploma certificate. Furthermore, among the respondent of BGI Ethiopia Company 3.9% have working experience of above 15 years, 29.7% of the respondents have working experience between 11 and 15, 14.1% of them have 0-5 years of working experience and the remaining also the majority of the respondents have working experience between 6 and 10 which accounts 52.3% .
- ✦ According to the research analysis of the survey it was found that the ANOVA model was significant.
- ✦ The Pearson's correlation analysis showed transformational leadership has (r) value of 0.426 and is significant with probability value of (0.000) with employee motivation. Correspondingly can be deduced that transactional leadership style has (r) value of 0.463 and is significant with probability value of (0.001) with employee motivation. Finally, it is deduced that laissez faire leadership style has (r) value of

- 0.382 and significant with probability value of (0.020) so implying that all the three independent variables has moderate positive relationship with employee's motivation.
- ✦ R Square of the regression model is 0.291 meaning that the three independent variables can explain 29.1% of the variation in employee motivation.
 - ✦ From the data from the research survey, there is a significant relationship between transformational leadership and employee motivation with probability value of (0.001) and a positive relationship with beta 0.98, there is a significant association between transactional leadership and employee motivation with probability value of (0.000) and positive relationship with beta 0.322. Furthermore, there is a significant association between laissez-faire leadership style and motivation of employees with probability value of (0.000), which is smaller than 0.05 and a positive relationship with beta 0.765.

5.2 Conclusion

In conclusion, the focus of the project work is on the effects of leadership styles on employee motivation. Based on the findings if a manager or a leader who workers for decision making participant or is involved in the motivational process to motivate its employees by offering reward, gratitude, team building events, training and development programs will succeed since it typically leads to employees having positive attitudes about the company and functioning at a high level. This demonstrates that the employees will be motivated both intrinsically and extrinsically. According to the regression analysis, the study revealed a strong positive link between the dependent variable which is employee motivation and the leadership styles of transformational, transactional and laissez faire leadership style.

The research looked at how different leadership styles effect employee motivation at BGI Ethiopia PLC. The researcher concluded that the descriptive analysis then regression analysis outputs fully support the hypothesis based on the empirical data and conceptual framework of the study, which declares that employee motivation was positively and significantly correlated with transformational leadership style. Employee motivation is significantly correlated with transactional leadership style and also positively related and there is also significant and moderate relationship with laissez faire leadership style.

5.3 Recommendation

Regardless of the situation, all leadership styles in every firm can have positive effect on employee motivations. Employees are not genetically identical, they are individuals with unique characteristics which any business must recognize. As a result, if a firm leader wants to motivate its employees properly he or she needs to learn more about the many types and methods of motivation. Hence, on the basis of this knowledge, some employees respond better to intrinsic motivation others on the other hand might be motivated by extrinsic motivation, BGI Ethiopia PLC Company managers or leaders should be able to classify staff members and apply the appropriate types of motivation to boost the satisfaction and engagement of their employees.

Furthermore, the findings and conclusions show that leaders that implement transformational leadership styles are more likely succeed. Rather of employing a laissez-faire or transactional leadership style, they should create an inspirational and motivating environment for their employees. As a result, BGI Ethiopia PLC should be having transformational leadership for participation in the firm since the workforces prefer transformational leadership and also have positive and significant relationship with employee motivation than laissez faire and transactional leadership styles.

Suggestion for further investigation of the study findings with similar firms in the area is required. Because this affects the generalizability to similar organizations had the data been collected from more organizations its generalizability would be more. Moreover, only three leadership styles will be examined in the current study as independent variables. It would be more meaningful if it examines other leadership styles and make the study exhaustive.

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Appendix

ADDIS ABABA UNIVERSITY, COLLEGE OF COMMERCE, DEPARTMENT OF BUSINESS LEADERSHIP

QUESTIONNAIRE OF THE SURVEY

Dear Mr. /Mrs.

Thank you for taking the time to participate in this survey. My name is Kidist Deneke Alemu, and I'm now working on my Masters in Business Leadership final project on leadership styles and motivational factors. I'd appreciate it if you could help me fill out this survey. You could reach me at 0921566412.

General Directions:

- Please do not write your name on the form.

Demographical Information

1. Gender:

Male Female

2. Age:

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

3. Education:

Diploma Bachelor Degree Master's Degree

4. Number of years you worked in BGI ETHIOPIA PLC:

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

Please tick the boxes next to the statements that apply to you.

TRANSFORMATIONAL LEADERSHIP STYLE					
	Strongly Agree	Disagree	Neutral	Agree	Strongly Agree
I am Inspired by my Boss					
Our Leader is capable of making tough decisions.					
Our leader is receptive to new suggestions.					
Our Leader is encouraging					
Our leader is concerned about my progress					
LAISSEZ-FAIRE LEADERSHIP STYLE					
Our leader allows us to solve our issues on my own					
The leader requires his employees to make their own decisions by themselves.					
Our leader gives us all tools and material/ equipment which are needed					
My leader is accountable for my action					
When I am having trouble in solving a problem my leader gets involved					
TRANSACTIONAL LEADERSHIP STYLE					

Our leader informs us of what is awarded.					
When making a settlement, the leader considers all restraints.					
My leader seriously thinks in maintaining the status quo					
Whenever problem occur, our leader immediately takes action					
Creativity effort and team work is rewarded by my leader					
INTRINSIC MOTIVATION					
I feel confident and competent in my job					
I am willing to remain late to complete my task					
I love my job and it is enjoyable for me					
I am constantly up for tackling new problems					
EXTRINSIC MOTIVATION					
I get a feeling of achievement in my job					
I chose to work here for the reason that I am highly compensated					
I work here so it enables me to lead the life I want					

I usually finish my job on time in order to avoid receiving poor rating					
I usually complete my task in a timely manner in order to receive rewards					
This job provides me a sense of safety					