

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE



**The Effect of Leadership style on Employee Work
Engagement: In the case on Sheger Mass Transport Enterprise**

A Research Project Submitted to

Graduate Studies Office

Presented in partial fulfilment of the requirements for Master of
Arts degree in Business Leadership

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This is to Certify that the research prepared by Sofiya Abubeker, entitled: The effect of Leadership styles on Employees Engagement in Sheger Mass Transportation Enterprise submitted in partial fulfillment of the requirements for the degree of Degree of Master of Arts (Masters 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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Declaration

I hereby stated that this research entitled “The effect on Leadership styles on Employees Engagement in Sheger Mass Transportation Enterprise.” is an original work that has not been applied for a degree in any other universities, and that all bases of resources used for the study have been correctly recognized.

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Abstract

This project aimed to identify if different leadership styles influence a company's employee engagement. It set out to evaluate if transformational and transactional leadership styles affect Sheger Mass Transport Enterprise employee's work engagement. Based on previous studies and research, the instrument to measure transformational and transactional leadership is Multifactor Leadership Questionnaire (MLQ) while employee engagement is measure via Utrecht Work Engagement Scale (UWES). 161 questionnaire samples were taken from the questionnaires distributed. The questionnaire was analyzed via quantitative methodology and from which, the results have shown that both transformational and transactional leadership have a correlation with employee engagement. With the stronger correlation being between the transformational leadership style and employee engagement in the Sheger Mass transport enterprise. This is especially found to be true for the employee absorption in their work. The result from the assessment predicted the ability of Transformational leadership over employee's absorption revealing that transformational leadership positively and significantly affect employee's absorption. There are strong emerging research findings that suggest transformational leadership has a greater impact on employee engagement. As a result, it is more advantageous to undertake study on this phenomenon.

Keywords: Leadership style, Transformational Leadership, Transactional Leadership, Employee Engagement.

Chapter 1: Introduction

This section will give general introduction and insight into the study, as well the organization this study is based on.

1.1. Background of the study

The fundamentals of being willing and prepared to inspire others are captured by leadership. Effective leadership is founded on ideas that are effectively communicated to others, both original and borrowed, in a way that entices them to act in the way the leader desires. A leader motivates others to act while also directing their actions. They need to be personable enough for people to obey their orders, and that they got to have the reasoning ability to think about the best way to use the tools at the disposal of an organization (Zeberga, 2017).

Leadership is a relationship of power between leaders and followers who want to see real improvements and results that represent their common interests. (Workie, Beyene, & Bantie, 2018).

Leadership is often defined as a process wherein an individual, influences and encourages others to achieve the organizational objectives and directs the organization so that it becomes more coherent and cohesive to work. Leadership is all about developing people, in turn helping them to reach their maximum potential. In the simplest of terms, Leadership is an art of motivating the people to assist achieve a standard goal (Sammy, 2019).

While the words management and leadership are often used interchangeably, they are not synonymous. Leadership encompasses characteristics that go beyond the responsibilities of the role. Leaders and managers must manage the resources at their disposal, but true leadership needs more. Managers, for example, may or may not be regarded as inspirational by their subordinates., but a leader must inspire those who follow them. (Ward, 2020).

This research aims at emphasizing on the necessity of good leadership in civilization and has existed from the beginning of time can be used to enhance trade, reduce poverty, and

create developmental opportunities. This research focused on how strategic leadership can enhance employee engagement, the efficiency and energy of an organization, as well as improve output without much impact on resources.

Leadership has been defined as the “method or social effect by which a person is able to gather the help and support of others in fulfilling a common task”. Alan Keith (1981) provides another definition “Leadership is ultimately about creating a way for people to contribute in making something extraordinary happen.” Many other students of leadership have written theories that include traits, interactions, functions, power, vision, values, intelligence, and situation interaction among others. A quality theory tries to explain the classifications of behavior and personality tendencies associated with effective leadership. Thompson Calyces (1841) can be regarded as one of the first composers of trait theories. Shelly Kirk Patrick and Edward A. Locke (1991) demonstrates the trait that argues that “Key leaders characteristics include: drive (abroad term which includes ambition, tenacity, achievement, motivation, energy and initiative) cognitive skills and knowledge of the business. This is what is lacking in most institutions in Ethiopia. According to three styles of leadership which are (1) Authoritarian, (2) Democratic and (3) Laissez-faire by Lewin, Lipitt and White, most Ethiopian organizations are authoritarians, whereby a leader makes decisions alone, or is aloof from participating in the work, but at the same time claiming to be democratic. This style is now adopted by most leaders, and many followers believe it is the right way, but at the same time complain on how ineffective, inefficient, and sometimes oppressive it is (Kurt, Roland, & White, 1939). How can this be changed? How effective leadership can be implemented and sustain employee engagement is what this research is all about.

1.2. Background of the study organization

The company is working to become the city's leading transportation service provider by providing unique, efficient, and fast transportation services. Services also include regular public transportation, student service and express bus service (BRT).

The government is designing and implementing large-scale transport projects to alleviate the transportation crisis caused by population growth and socio-economic activity. To

improve the transportation system of Addis Ababa City; Its activities include expanding and strengthening Lion City Bus, Public Service Workers Transport Service Enterprise and Light Rail Service, and Sheger Mass Transport Service Enterprise. Sheger Mass Transit Service Enterprise is trying to provide 300 Sheger buses to alleviate the traffic problem in the city. Sheger, which started testing ten buses on May 30, 2008, provided free transport services for 7 days by moving the 4 km 6 km Shromeda from Estefanos from Mexico.

Vision: To become 85% of the city community's favorite bus service provider by 2017 by offering efficient, affordable, and effective service delivery.

Mission: Addis Ababa City Administration to provide effective mass bus service by providing effective transportation and transportation information systems for all sections of the society. Its values are transparency, accountability, cost-effectiveness, service, fairness, reliability.

Purpose:

1. Provide efficient and accessible fast and regular city bus transportation to the urban population,
2. Provide transportation services to students and
3. Do other related tasks to help achieve the goal

With a total of 270 employees, Sheger Mass Transport Enterprise consists of 67 administrative staff, 172 drivers and 31 ticket officers.

1.3. Problem Statement

Over the long term, without energetic workers who believe in the mission of organizations and understand how to accomplish it no organization, small or large, can win. Workers who are engaged in their jobs and dedicated to their employers give businesses important competitive advantages, including higher efficiency and reduced turnover of employees.

Evidence (Mulata, 2017) has suggested that new technologies, the knowledge economy, the rise of social media, greater transparency, rising consumer/employee demands and

environmental resource concerns present a complex mix of challenges. With the right leadership, an organization can meet these challenges. Leaders can influence employee job satisfaction, commitment, and efficiency. A capable leader leads follower towards desired organizational goals. Likewise, satisfied employees are likely to invest more effort in their tasks and advance organizational interests.

According to Xu, Thomas, despite the fact that several researchers have suggested that there is a clear effect of leadership on employee engagement, there is still a gap in information about the influence of leadership style on engagement and which leader behaviors contribute to higher levels of engagement. (Thomas, XU, & Helena, 2011). And according to their findings, transformational and transactional leadership styles have a strong positive connection with employee engagement.

According to Sheger Mass Transport Enterprise, the transport sector has been playing a crucial role in reducing transaction cost for transporting the nations. As a part of the service sector, it contributes its own share to the GDP. At the enterprise, there are several stakeholders who are directly or indirectly engaged within the sector to play positive roles for the sector's development. One of which are the leaders, and the challenges is to ensure that their leadership practices in line with the overall goal and to ensure employees' engagement. This lays the groundwork for the question of which leadership style is best suited for these purposes. (Sheger Mass Transport Enterprise).

As a result, the goal of this study is to evaluate Sheger Mass's leadership styles in relation to employee engagement. Furthermore, this research aims to address the issue of which leadership style has the most impact on employee engagement in the transportation sector, specifically at Sheger Mass Transportation Enterprise. Furthermore, it makes a significant contribution to the increasing body of literature and expertise in this field of research.

1.4. Research Question

In this study the central questions are:

- What is the overall leadership style in Sheger Mass Transport Enterprise?

- What is the relationship between leadership style and employee engagement?
- How leadership styles (Transformational vs Transactional leadership) significantly affect employees' work engagement?

1.5. Objectives of the study

1.5.1. General Objectives

The general objective of the research is to define Sheger Mass Transport Service Enterprise's leadership style and its relationship with employee's engagement.

1.5.2. Specific Objectives

The following are specific research goals in addition to the above-mentioned main objective.

1. Identify the overall leadership style in Sheger Mass Transport Service Enterprise
2. Determine the relationship between leadership style and employee's engagement of Sheger Mass Transport Service Enterprise
3. Identify the leadership style that produce high degree of employee engagement in the Sheger Mass Transport Service Enterprise.

1.6. Scope of the Study

The focus of this research is limited to assessing leadership styles in the administration of Sheger Mass Transportation Service in terms of employee engagement. The findings were based on the responses of 161 samples. The study focused on leadership style, especially transformational and transactional leadership styles, as the elements that might affect employee engagement.

1.7. Significance of the Study

The focus of this paper was leadership style and employee engagement. And this is important because in today's competitive work environment, it is time for organizations to

move beyond just motivating their employees and towards creating an environment of engagement.

If a company wishes to be highly competitive in today's rapidly evolving world, it needs professional human resources, regardless of its scale, existence, or scope of operations. However, possessing this talent pool alone would not be sufficient to meet an organization's objectives.

1.8. Definition of terms

Transformational Leadership is a leadership style in which leaders encourage, inspire, and motivate employees to innovate and create change that will help grow and shape the future success of the company. (Sarah, 2018). The transformational leader's focus is "directed towards the organization, and his or her behavior builds follower commitment toward organizational objectives. There are four factors to transformational leadership, (also known as the "four I's"): Idealized influence, Inspirational motivation, Intellectual stimulation, and Individual consideration (Wysocki, 2020).

Transactional Leadership The word "transactional" alludes to the fact that this sort of leader motivates subordinates primarily via the exchange of incentives for performance. It focuses on results, conforms to the existing structure of an organization and measures success according to that organization's system of rewards and penalties (St Thomas University, 2018). Transactional leadership styles are more concerned with ensuring the normal flow of operations. And this is normal flow of operation as accomplished through an interaction/exchange between the leader and the follower. There are three aspects to these interactions: Contingent Reward, Active Management by Exception, and Passive Management by Exception (Prachi, 2015)

Employee Engagement is the strength of the mental and emotional connection employees feel toward the work they do, their teams, and their organization (Kristin, 2021). It is having a clear knowledge of how an organization fulfills its purpose and objectives, how it is evolving to better achieve those objectives, and being given a voice in that journey to

contribute ideas and express perspectives that are considered as choices are made (David M. , 2019).

1.9. Organization of the Study

The research is structured into five parts.

In this chapter, the first section focuses on the introduction and history of the research. The second chapter is the review analysis of similar literature, introducing different literature on the variables of the research. And, accordingly, establishing conceptual framework. The study's research design and methodology are discussed in the third chapter. In particular, the research design, methodology & methods used, data sources, data collection methodology and reliability testing are also discussed in the third chapter. In the fourth chapter, the results and interpretation of the study are presented according to the data collected. Lastly, the review and findings of the study and corresponding recommendations are provided in the fifth chapter.

Chapter 2: Review of Literature

1.1. Introduction

This part of the study will explore different contributions made by scholars and writers in the past on leadership traits, skills, styles, and their effect on the success of an organization and organizational change. It also defines and explores work engagement. Based on the review below this section provide a hypothesis.

1.2. Theoretical Review

The literature on leadership indicates that ideas have been developed and updated over time, and that none of them are totally irrelevant (Gregory D. , 2000). In roles requiring a high degree of accuracy, confidence, sensitivity, care, and technical competence, the style of leadership used may differ from that used in basic management-oriented portfolios, since one size does not fit all (Amabile, 2004).

1.2.1. Leadership

Despite extensive research in the fields of management, trade, and marketing on the philosophy of leadership, there is a shortage of scholarly discourse on the topic. Leadership entails taking responsibility and accountability for achieving the top goal by using available resources and maintaining a cohesive community through which a single individual can influence a collective to accomplish a shared goal. Leadership interventions tend to have an impact on a number of outcomes. However, the influence of leadership initiatives tends to vary based on the theoretical emphasis of the leadership models. (Sunil, 2018).

According to Yukl (1994), “leadership is that the process of influencing followers”. By establishing an environment that can affect employee perceptions, motivation, and actions, leaders play a critical role in the achievement of organizational goals.

Leadership encompasses the fundamentals of being ready and able to inspire others. Effective leadership is founded on ideas that are effectively communicated to others, both original and borrowed, in a way that entices them to act in the way the leader desires. A

leader motivates others to act while also directing their actions. They must be personable enough for people to follow their orders, and they must have the reasoning capacity to consider the appropriate way to use the resources at their disposal.

While the terms management and leadership are often used interchangeably, they are not interchangeable. Leadership encompasses characteristics that go beyond the responsibilities of the role. Leaders and managers must control the resources at their disposal, but true leadership demands more. Managers, for example, may or may not be viewed as inspiring by their subordinates, but a leader must inspire those who obey them. (Ward, 2020).

1.2.2. Leadership Theories

A. Great Man Theory

The search for universal leadership qualities has lasted millennia since most societies want heroes to describe their achievements and excuse their mistakes. “Universal history, the history of what man has done in this earth, lies at the bottom of the history of the great men who have labored here,” Thomas Carlyle wrote in 1847 in the best interests of the heroes. Leaders are born, according to Carlyle's "great man hypothesis," and only those persons gifted with heroic potentials can ever become leaders. Great men, he believed, were born, not made. Sidney Hook, an American philosopher, extended Carlyle's perspective by emphasizing the influence that the eventful man vs. the event-making man may have (Gregory & Stephanie, 1986).

He claimed that in a historical circumstance, the eventful guy remained complicated but did not actually decide the outcome. On the other hand, he said that the event-making man's activities impacted the course of events, which may have been very different if he hadn't been engaged. The event that established man's place as a result of "great capacities of mind, volition, and character rather than distinguished acts." Following events, however, it became clear that this notion of leadership was ethically defective, as it was with Hitler, Napoleon, and others, casting doubt on the Great Man Theory.

B. Trait Theory

Early theorists believed that born leaders have physical and psychological qualities that differentiated them from non-leaders. The assumptions regarding whether leadership characteristics are hereditary or acquired were discarded by trait theories. Jenkins identified two types of traits: emergent traits (those that are heavily influenced by heredity) such as height, intelligence, attractiveness, and self-confidence, and effectiveness traits (those that are influenced by experience or learning), such as charisma, as a fundamental component of leadership (Ekvall & Arvonen, 1991).

“The greatest revolutionary force, capable of generating a completely new direction via followers and full personal devotion to leaders they believe as gifted with almost magical supernatural, superhuman characteristics and powers,” according to Max Weber. This original emphasis on intellectual, physical, and psychological qualities that differentiated non-leaders from leaders foreshadowed a study that claimed there are only minimal differences between followers and leaders (James B. , 2003). Because of the failure to identify the qualities that every single good leader shared; trait theory has fallen out of favor as an inaccessible component.

C. Contingency Theory

According to contingency theories, no single leadership style is accurate since it is dependent on circumstances such as the quality of the followers, their position, and a variety of other variables.

“There is no one proper method to lead, according to this idea, because the internal and external elements of the environment need the leader to adapt to that specific situation.” Most of the time, leaders do not only change the dynamics and atmosphere of the business; they also transform the workers. In a broad sense, theories of contingency are a type of behavioral theory that questions the notion that there is a single best method to lead/organize and manage and that the style of leadership that is operative in some circumstances may not be effective in others (Greenleaf, 1977).

Contingency theorists believed that the leader was at the center of the leader-subordinate relationship, but situational theorists believed that the subordinates were crucial in defining the relationship. Though situational leadership focuses primarily on the leader, it emphasizes the importance of the focus in the group dynamic. "Some of our contemporary ideas of group dynamics and leadership are based on these investigations of group dynamics and leadership." According to the notion of situational leadership, a leader's style should be matched to the maturity of his or her subordinates (Bernard, 1997).

D. Style and Behavior Theory

The style theory recognizes the importance of certain necessary leadership skills that enable a leader to perform an act while drawing a parallel with the leader's previous capacity, prior to that particular act, and suggesting that each individual has a distinct style of leadership with which he or she is most satisfied. One style cannot be useful in all settings, just as one size does not fit all heads. (Gary, 1989) described three basic types of leadership. Employees who worked for democratic leaders were more satisfied, creative, and motivated; they worked with great enthusiasm and energy regardless of whether the leader was present or not; and they maintained better connections with the leader in terms of productivity, whereas autocratic leaders were more concerned with the quantity of output. In the past, laissez faire leadership was only deemed important when managing a team of highly talented and motivated individuals with a proven track record.

(Fiedler & House, Leadership theory and research, 1994) recognized two more leadership styles that focus on leadership effectiveness. Consideration (concern for people and relationship behaviors) and starting structure (concern for production and task behaviors) were deemed to be critical characteristics by these researchers. The factor under examination is how much trust and rapport a leader inspires in his subordinates. On the other hand, initiating structure indicates the amount to which the leader structures, directs, and defines his or her own and subordinates' responsibilities as they contribute to organizational success, profit, and mission achievement.

E. Process Leadership Theory- Servant Leadership

Servant leadership, principal centered leadership, and charismatic leadership are some of the various process-focused leadership theories, with more developing every year. In the early 1970s, Greenleaf pioneered servant leadership. In the early 1990s, there was a resurgence of interest in servant leadership. Servant leaders were urged to pay attention to their followers' concerns, sympathize with them, and care for and nurture them. The leadership was given to someone who was naturally a servant. "The servant leader focuses on the followers' needs and assists them in becoming more autonomous, free, and knowledgeable."

The servant leader is likewise concerned about the "have-nots" and treats them equally (Greenleaf, 1977). Leaders in leading organizations are to be stewards (servants) of the organization's vision rather than servants of the individuals inside it. Leaders in learning companies define and cultivate a vision that is bigger than themselves. The leader links his or her vision with those of others in the organization or in the community at large.

These and other process leadership theories typically imply that a leader's job is to contribute to the well-being of others, with a focus on some kind of social responsibility. In the study of leadership, there appears to be a definite progression. Leadership theory has progressed from birth traits and rights to acquired traits and styles, situational and relationship types of leadership, group function and processes, and, most recently, group member interaction with an emphasis on personal and organizational function of groups and group processes and, most recently, group member interaction with an emphasis on personal and organizational moral development (David & Francis, 1999).

F. Transformational Theory

Transformational leadership differs from other contemporary leadership theories in that it involves followers in processes or actions connected to personal element towards the company and a route that would return a higher societal dividend. Both the follower and the leader's drive and morals are increased by transformational leaders (House & Shamir, 1993). Transformational leaders are said to "engage in relationships with followers based

on shared values, beliefs, and goals." This has an effect on the performance that leads to the achievement of the objective. Transformational leadership, according to Bass, "attempts to convince followers to rearrange their requirements by transcending self-interests and striving for higher order wants." The higher order needs hypothesis is supported by this theory. Transformational leadership is a path that enlightens leaders' practices and their ability to lead change by focusing on their beliefs, values, and attitudes (Dr. Zakeer & Dr. Allah, 2016).

According to research, followers and leaders put their own interests aside for the good of the group. The leader is then expected to focus on the needs and feedback of followers in order to empower and motivate everyone to become a leader (Robert & Aditya, 1997). The ethical dimensions of leadership, which are emphasized in the previously described leadership theories, further distinguishes transformational leadership. The capacity to see the need for change, acquire others' agreement and commitment, develop a vision that leads change, and embed the change is what defines transformational leaders. These leaders produce an appearance of convincing and encouraged vision of the future. They are "visionary leaders who seek to appeal to their followers" better nature and move them toward higher and more universal needs and purposes (James B. , 2003).

G. Transactional Leadership

By the late 1970s and early 1980s, leadership theories had begun to deviate from the unique viewpoints of the leader, leadership context, and follower, and toward practices that focused more on follower-leader interactions. Transactional leadership is defined as a type of leadership in which leader-follower relationships are built on a series of agreements between followers and leaders. The transactional approach was "based on reciprocity," meaning that "leaders not only influence followers but are also influenced by them." According to certain research, transactional leadership has a disparity in terms of the degree of action taken by leaders (House & Shamir, 1993).

Transactional leadership, according to Bass and Avilo, is "a kind of contingent-reward leadership in which leaders and followers have an active and constructive interaction in which followers are paid or acknowledged for achieving agreed-upon objectives." These

benefits might include gratitude for merit raises, bonuses, and job accomplishment from the boss. Positive reinforcement, merit pay for promotions, enhanced performance, and collegiality might all be offered in exchange for good work. Instead, the leaders might concentrate on faults, avoid replies, and postpone choices. This mindset is referred to as "management by exception," and it may be classified as passive or active transactions (Bass & Avolio, 2019).

1.2.3. Employee Engagement

Several literature studies have demonstrated that various researchers have conceptualized employee engagement in a variety of ways, demonstrating that there is no one definition that can apply to all scenarios. Employee engagement is adjusted and altered in different ways based on the contexts of study, according to studies in the field.

Academic researchers and practitioners are in consensus on the fact that the meaning of employee engagement is ambiguous. (William & Benjamin, 2008). The concept of employee engagement is a fairly new, it is one that has been heavily promoted by human resource (HR) consulting firms that offer advice on how it can be created and leveraged. Academic researchers are now gradually joining the argument, and both parties are saddled with competing and inconsistent interpretations of the meaning of the construct.

Employees are more engaged in their work, according to (Kahn, 1990) , when three psychological needs are met: meaningfulness (a sense of return on investments of self in role performance), safety (a sense of being able to show and employ oneself without fear of negative consequences to one's self image, status, or career), and availability (a sense of having the physical, emotional, and psychological resources to do one's job).

Individuals are more inclined to withdraw and protect themselves from their responsibilities when the organization fails to offer these resources. The nature of the job, including its duties, positions, and work relationships, has an impact on its meaning. The social environment has the greatest impact on psychological safety, including interpersonal interactions, group and intergroup dynamics, management style and procedure, and organizational standards. Finally, availability is determined by the personal resources that people can bring to their job performance, such as physical,

emotional, and psychological energies, as well as insecurities and outside life. This is one of reflection of Kahn's, the need-satisfaction framework. (Li, 2019).

Job Demands Resources Model has an impact on employee engagement as well. According to the Job Demands Resources (JDR) model, different organizations face different working environments, but the characteristics of these environments can always be classified in two broad categories: job demands and job resources, resulting in an overarching model that can be applied to a variety of occupational settings, regardless of the specific demands and resources. Job demands are those parts of a job that involve continuous physical and/or psychological (cognitive and emotional) effort and, as a result, are linked with physiological and/or psychological costs (Arnold, Evangelia, & William, 2003).

Social exchange theory provides a more robust theoretical foundation for explaining employee engagement (SET). According to (Harry, 1965) employment is a transaction including work, loyalty, and actual interest, as well as social benefits. To some extent, the employee-employer relationship lends itself to reciprocity, in which a request for anything in return will benefit both parties, regardless of who receives preferential treatment.

Many researchers used social exchange theory to examine the connection between the organization and its members. Employees are loyal to the company and work hard in exchange for financial and social advantages, forming the company-employee relationship. According to (Eisenberger, 1986) high levels of perceived organizational support generate duties within people to repay the organization, resulting in a pro-organization attitude and conduct. (Alan, 2006) argued that, one method for people to repay their organizations is by their degree of participation. To put it another way, employees will choose to engage themselves to various degrees in reaction to the resources provided by their employer.

1.3. Empirical Review

1.3.1. Leadership Styles Theory

1.3.1.1. Transformational Leadership Style

On both an individual and organizational level, transformational leadership is linked to beneficial outcomes. Transformational leaders inspire followers to pursue higher-order needs such as self-actualization and self-esteem (Bernard, 1985), and they are effective in directing followers' motivation toward "self-sacrifice and accomplishment of organizational goals above personal interests" (Bernard, 1995).

Transformational leaders place a great value on their followers' connections and show customized care when it comes to satisfying their requirements for empowerment, accomplishment, increased self-efficacy, and personal growth. However, leadership styles do not consider all of the elements that impact innovation (Dr. Zakeer & Dr. Allah, 2016).

1.3.1.1.1. Dimensions of Transformational Leadership

(Avolio, Bass, & Jung, Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire., 1999) identified the various components of transformational leadership using a number of approaches, including the use of the Multifactor Leadership Questionnaire. The four elements of Avolio's "higher order construct of transformative leadership" are as follows:

- A. **Idealized influence:** It is a leadership quality that motivates people to look up to their leader as a role model. Charisma is a word that has taken the role of idealistic influence. Idealized influence instills values in individuals that inspire, make sense, and give them a feeling of purpose. Idealized influence has a motivating effect. It shapes people's perspectives on what matters in life. Charismatic leadership is linked to idealized influence. Self-confidence is instilled in others by charismatic leaders. The stirring force of idealized influence and role-modeling conduct is their expression of trust in a follower's willingness to make self-sacrifices and ability to achieve extraordinary objectives. Leaders that have faith in their workers may

achieve amazing things. Leaders who have idealized influence have a strong sense of self-determination. (House & Shamir, 1993).

Maintaining self-esteem is a significant and ubiquitous social demand, according to Shamir (1993). These leaders have strong convictions, regularly communicate with their followers, position themselves as role models, and encourage them to "achieve the company's vision and goals." They possess the necessary emotional stability and control.

B. Inspirational Motivation: A fundamental feature of the transformational leadership style of inspiring motivation is developing followers' consciousness, connecting them with the organization's purpose and vision, and encouraging others to comprehend and pledge to the vision. "Inspirational motivation focuses on the concept of organizational existence rather than the leader's personality" (Avolio & Bass, 2004). Rather than smothering people, a leader with this approach encourages them to participate in the organization's goals, bringing out the best in them.

Employees who wish to contribute to the business positively and effectively are frustrated by the prohibition of "experimentation" and the stifling of innovation. Leaders that adopt this method empower their workers by giving them greater autonomy and equipping them with the tools they need to make choices without monitoring. Leaders that employ this conduct establish high standards for their followers, in addition to clearly expressing their vision and encourage them to go beyond their typical settings for personal and organizational progress (House & Shamir, 1993). Successful executives are constantly engaged with their employees, motivating, praising, and correcting them, as well as replacing them if they fail, therefore opening doors for others. In summary, inspiring motivators develop a vision, establish communication, and manage difficult employees by encouraging, collaborating with, and delegating authority (Avolio & Bass, 2004).

C. Intellectual Stimulation: Intellectually stimulating leaders "intellectually inspire followers, promote innovation, and accept challenges as part of their work," according to the study. They are able to retain emotional equilibrium while dealing with complicated issues in a reasonable manner. They also encourage their employees to develop comparable abilities. They teach followers how to solve

problems in order to make complicated judgments, demonstrating a shared understanding between leaders and personnel. “The mentoring, coaching, and morale-building capabilities of customized attention are largely projected by the intellectual stimulation leadership approach.” Both methods to leadership develop organizational and character qualities similar to caring leadership behaviors that coach and challenge (House & Shamir, 1993).

“In other words, before fostering worker engagement in the problem, leaders using this leadership strategy must first unravel the complexity of the task and establish a sense of direction for what it means for them and their workers.” There are various levels of intelligence and motivation to work actively. It is the capacity to intellectually excite employees as well as a desire to participate actively in their job. “In a nutshell, logic, inventiveness, consensus decision-making, coaching, supporting, challenging, and engagement are essential markers of intellectual stimulation” (Dr. Zakeer & Dr. Allah, 2016).

D. Individualized Consideration: It is focused with the core transformational leadership practices of seeing people as important contributors to the workplace. Such leaders are concerned about their employees' needs and are prepared to encourage and coach the development of ideal workplace behavior. Their role shifts between participative and autocratic. In a nutshell, “fundamental aspects of customized attention include reassurance, individual care and coaching, and an open and collaborative approach” (Avolio & Bass, 2004).

1.3.1.2. Transactional Leadership Style

A transactional leader uses the contingent incentives plan to communicate performance expectations to his or her followers, and he or she celebrates successful performance. Contractual agreements are the primary motivators for transactional leaders (Bernard, 1985), while extrinsic rewards are used to boost followers' drive. According to the research, the "transactional style" stifles innovation and has a negative impact on employee work satisfaction. Management-by-exception describes leaders' actions in terms of accurately detecting deviations from expected follower behavior.

Both techniques are used in different ways depending on the circumstance and context. Transactional leadership is preferred in situations requiring a high degree of precision, technical expertise, and time constraints, particularly in technologically intensive environments, whereas in human-intensive environments, where the focus is on influencing the followers through motivation and respecting their emotions on the basis of shared goals, beliefs, and values, transformational leadership preferred (Dr. Zakeer & Dr. Allah, 2016). Transactional leadership style comprises three components: contingent reward, management-by-exception (active) and management-by-exception (passive).

1.3.1.2.1. Dimensions of Transactional Leadership

- A. **Contingent Reward:** The goal is to get outcomes. This tendency emerged because people value real, tangible, monetary benefits in exchange for their labor. “Transactional leadership engenders compliance by appealing to individual desires and needs, whereas transformational leadership recognizes individual abilities and generates excitement via emotional appeals, values, and belief systems” (Avolio & Bass, 2004). Managers that utilize contingent pay are expected to provide instructions to their staff in order for the job to be completed. In a nutshell, performance-based monetary incentives, direction-setting, reciprocity, and confidence are all essential indications of contingent reward.
- B. **Management by Exception (Active):** It is not a surrender of power defined by a laissez-faire approach to leadership. Leaders who practice management by exception (active) have a natural faith in their employees to complete the job to their satisfaction and avoid upsetting the status quo. “This kind of leadership does not motivate employees to go above and beyond expected results; yet, if the objective is met, the system has worked, everyone is happy, and business as usual may resume,” (Avolio & Bass, 2004). It corresponds to a change-driven culture. To summarize, management by exception (active) entails a lack of faith in employees, poor communication, maintaining the status quo, and a lack of confidence.
- C. **Management by Exception (Passive):** “It’s a transactional leadership style in which leaders avoid defining agreement and refuse to set objectives and criteria

for employees to meet. A leader sometimes waits for things to go wrong before acting” (Avolio & Bass, 2004).

1.3.2. Leadership Styles and Employee Engagement

Harter, Schmidt and Hayes found that employee engagement is significantly positively correlated with organizational performance. (James, Frank, & Emily, 2002) Therefore, how to make employees increase their engagement, that is, to find the antecedent variables affecting engagement, has become the research focus. Leadership is an important situational variable in the employee’s work situation, which will have a significant impact on the employee’s psychology, attitudes, and behavior.

According to leadership contingency theory, there is no universally applicable leadership style (Fiedler, 1958), and the effectiveness of leadership style is inevitably affected by organizational contextual factors. Therefore, according to the theory of leadership change, it is necessary to match the leader’s behavior with the situation to achieve leadership effectiveness. Researchers have noticed that different leadership styles have different strengths and weaknesses, and different leadership styles need to match different contexts. In one situation, one leader can be a successful leader, while in another context it cannot be.

Organizational culture, communication style, management styles, leadership styles, confidence, and respect factors all play a role in employee engagement. To build an engaging culture, the workplace must create an atmosphere that supports these factors. During this process, leadership culture creation and employee engagement activities are linked. Effective leadership has been described as a crucial precondition to strengthen the degree of employee engagement, according to Hockey and Ley, who also demonstrate a potential connection to organizational success (Zeberga, 2017) .

In several researches, there are two conditions which projected employee engagement as having negative and positive association with the employees’ perception of leadership styles in his or her immediate supervisors. When managers use classical or transactional leadership styles, employee engagement is viewed as subsuming negative employee

outcomes. Employee involvement is thought to have a beneficial connection with employee perception when leaders adopt innovative and organic leadership. These disparities are the result of ingrained fears that conventional leadership models are only appropriate for some ages and generations.

Nevertheless, these employee characteristics seems to moderate the connection between perceived leadership styles and employee engagement in several ways. Regarding need for achievement, when the employees' score on this variable is higher, the stronger the positive association is between perceived visionary or organic leadership styles and employee engagement and the weaker the negative association is between employee engagement and classical or transactional leadership. By contrast, the higher equity sensitivity, the positive association between visionary or organic leadership and employee engagement tends to get weaker and the negative association between perceived classical or transactional leadership styles and employee engagement turns to get stronger. Finally, the higher employees' need for clarity is, the negative association found between perceptions of classical or transactional leadership and employee engagement tends to become weaker, whereas where employees' need for clarity is high, the positive association between visionary or organic leadership styles and employee engagement is weakened. As a result, while new research on employee engagement is growing, and a variety of other models point to leadership as a significant factor in the growth of employee engagement, there is still a gap in understanding what leadership behaviors can influence engagement-encouraging cultures, as well as the mechanisms through which leader behaviors contribute to higher levels of engagement (Ahmad, Jamilah, & Jeffrey, 2013).

Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to his job, colleagues and institution which profoundly influence willingness to learn and perform at work. Leaders also act as catalyst in pushing the employee in organizational activities through meetings, allocation of responsibilities etc. The leader's role is important not only in giving direction but also for inspiring the employees to share responsibilities through shared vision (Navneet, Rajkumar, & Pankaj, 2019).

1.3.2.1. Transformational Leadership and Employee Engagement

Schaufeli and Bakker, indirectly measured characteristics of transformational leadership and the impact it has on job engagement. They found that two variables, coaching and feedback, in the individual consideration dimension of transformational leadership are positively related to vigor, dedication, and absorption. (Wilmar & Arnold, Job demands, job resources, and their relationship with burnout and engagement: a multi-sample study, 2004)

The study by (Simon, 2008) reviewed the link between transformational leadership and engagement in the public and private sectors, the finding of the research displayed that, as this promotion focus increased, the positive association between vision and vigor became noticeable.

The Investigation by Weichun, Bruce & Fred showed the relationship between transformational leadership and subordinate work engagement with a total sample population size of 168 from several organizations in South Africa. The results showed that, follower characteristics did significantly predict transformational leadership – follower engagement, (Weichun, Bruce, & Fred, 2009). The association of employee engagement and transformational leadership increase the level of employee engagement (Azka, Tahir, & Hijazi, 2011)

Ayree et al (2012), explained the contribution of transformational leadership to employees work engagement according to the results, positive and significant relationship with the paths from transformational leadership to work engagement. (Samuel, Fred, Qin, & Chad, 2012)

1.3.2.2. Transactional Leadership and Employee Engagement

The Meta-analytic test by Judge and Piccolo's (2004), displayed that Transactional leadership contributes to followers' work motivation. Leaders who use conditional reward acknowledge that employee's motivation and work engagement increased. (Timothy & Ronald, 2004)

Transactional leadership is highly correlated with social exchange theory. A give-and-take transaction is required; something must be given and something must be returned, according to Robinson, Perryman, and Hayday, who described engagement as a two-way bond between the employer and the employee (Dilys, Sue, & Sarah, 2004).

It has been indicated through several researches, even if it might not be significant as transformational leadership, transactional leadership has a positive relationship with employees' engagement (Zeberga, 2017).

1.4. Hypothesis of the study

Both transformational and transactional leadership styles are favorably connected to engagement, according to various researchers. Employees are stimulated, encouraged, and influenced by transformational leaders to do their tasks successfully, confidently, and enthusiastically. Furthermore, transactional leaders establish criteria for workers to fulfill and build employee engagement by requiring employees to meet the objective and remain interested in their tasks (Zeberga, 2017).

Therefore, the following theories better explain the proposed overall effect of leadership styles on subordinate work engagement:

H1: Transformational Leadership has a significant positive predictive effect on employee engagement.

H2: Transactional Leadership has a moderate positive predictive effect on employee engagement.

H3: Transformational leadership has a more predictive effect on employee engagement compared to Transactional leadership

1.5. Conceptual Framework

Leadership Styles

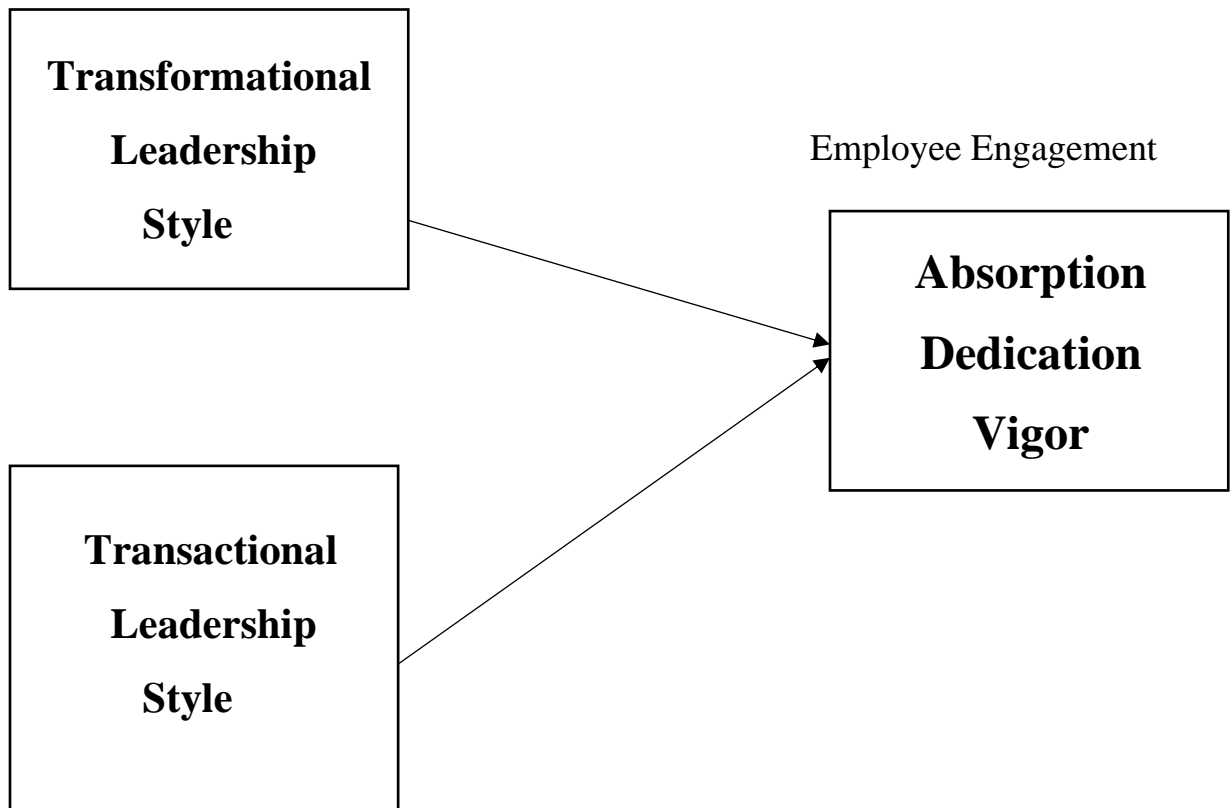


Figure 1 Conceptual Framework

Source: Based on an analysis of the literature.

Chapter 3: Methodology

3.1. Research Design

This study aimed to research the connection between leadership style and employee engagement by means of descriptive methodology. There was an adaptation to quantitative research design. To gather primary data from the organization's personnel, the survey approach employing a standardized questionnaire through the Multifactor Leadership Questionnaire (MLQ) was used.

Different literature and observational studies have been examined to obtain perspectives and context knowledge on the effects on employee engagement of different forms of leadership styles. The data from this phase helped to design the questionnaire and to better understand the study problem.

The study described the leadership style at Sheger Mass Transport Service Enterprise, additionally the two (transformational and transactional) leadership styles are examined and related with employee engagement. Correlational research design was therefore used to further explore the degree of association between the leaderships style and employee engagement. Data's were analyzed by means of Statistical Package for Social Sciences (SPSS). Additionally, a multiple correlation analysis was also accustomed to test the hypotheses.

3.2. Study Area

The study conducted at Sheger Mass Transport Service Enterprise office located in Addis Ababa, around 22, Eyerus Building 5th-9th floor. It is believed to be convenient and accessible for the specified population subject to the study.

3.3. Source of Data

As the analysis is cross-sectional, necessary data were obtained using close ended questionnaires from the workers.

3.4. Data Collection Instrument

Within this study, the researcher used, the Avolio & Bass student researcher device (2004) Multifactor Leadership Questionnaires (MLQ) to gather data on leadership behavior.

The Multifactor Leadership Questionnaire (MLQ) is the universal instrument for assessing transformational and transactional leadership behavior (Rowold, 2005). The Multifactor Leadership Questionnaire (MLQ) measures a broad range of leadership types from passive leaders, to leaders who give contingent rewards to followers, to leaders who transform their followers into becoming leaders themselves. The MLQ defines the qualities of a transformational leader and assists individuals in deciding how they rank in their own eyes and in the eyes of others with whom they associate (Bass & Avolio, 2019). Basically, it assesses a wide variety of leadership styles, including passive leaders, leaders who give followers contingent incentives, and leaders who prepare their followers to become leaders themselves.

The questionnaire consists of 35 items that assess the impression of workers about the leadership style of their superiors. Out of which 23 of the items represent transformational leadership dimensions the remaining 12 items measure transactional leadership dimensions. The questionnaire was therefore distributed to the Sheger Mass Transport Enterprise sample population to test their representatives on items that distinguish between the actions of Transformational and Transactional Leadership. Six points frequency scale and leadership scale scores of graded supervisors were rated for all MLQ questions by taking the average of participant ratings for each leadership dimension.

In depth, the MLQ-5X contains four transformative, three transactional, and six outcome scales. **Intellectual stimulation** is the first of the transformational scales, it means questioning the assumptions of the views of followers, their study of the challenges they face and their generation of solutions. **Idealized Influence (attributed)** refers to the leader's distribution of charisma. Followers developed strong emotional links to the leader because of the positive qualities of the leaders (e. g. perceived strength, concentrating on higher-order principles and values). Trust and faith in followers are likely to be established. Next, **Inspirational Motivation** is the articulation and expression of a vision by the leader,

essential to this subscale of transformational leadership. Consequently, followers are encouraged to approach the future with a positive outlook. **Individualized consideration** is characterized by the consideration of followers' individual needs and the creation of their individual strengths.

Contingent Reward is a leadership practice that focuses on specific tasks on the transactional side of leadership scales while providing followers with rewards (material or psychological) for completing these tasks successfully. In **Active Management-by-Exception**, the leader actively checks and searches for deviations from rules and norms in order to avoid these anomalies; if necessary, corrective actions are taken. Passive intervention, on the other hand, occurs only when mistakes have been discovered or standards have not been met in **Passive Management-by-Exception**.

Employee engagement, the dependent variable, was measured using the Utrecht Work Engagement Scale (UWES), which measures employee engagement in 3 components: vigor, dedication, and absorption (Wilmar, Marisa, Vincente, & Arnold, 2002). **Vigor** is characterized as a high degree of energy and stamina, as well as a willingness to put forth effort, resistance to exhaustion, and perseverance in the face of adversity. **Dedication** is described as feeling a sense of value from one's work, as well as being enthusiastic and proud of it, as well as being inspired and challenged by it. **Absorption** is described as being completely and happily absorbed in one's work, with struggle detaching oneself from it so that time passes by, and one forgets about anything else. For the purposes of this study, 17 UWES measurement objects were used. The three scales have high internal consistency and test reliability, according to UWES reports, implying that the measure is reliable.

3.5. Validity and Reliability

Fiona Middleton stated reliability and validity are concepts that are used to determine research efficiency. They mean how well something is calculated by a method, technique, or examination. Reliability is about the accuracy of a measure, and the precision of a measure is about validity. Reliability informs the degree to which, when the study is replicated under the same conditions, the findings can be reproduced while validity informs the degree to which the findings assess what they are intended to measure. Reliability is

measured by evaluating the accuracy of findings over time, across various observers, and across sections of the test itself. Validity is assessed by verifying how well the findings conform to the theories developed and other measures of the same concept (Middleton, 2019).

This study therefore sought to resolve validity by analyzing literature and adapting methods used in previous research.

3.6. Sampling Design

3.6.1. Target Population

Employees of Sheger was chosen as a group for this study. The total workforce of the sample population is 270 workers.

3.6.2. Sampling procedure

The study's goal is to investigate the effect of leadership styles on employee engagement in Sheger Mass Transport Enterprise, while also identifying each variable and dimension of employee engagement.

To obtain a reliable representative of the targeted population, a simple random sampling technique was used to collect data from various strategic business units of the organization.

3.6.3. Sample size determination and selection

Employees employed in different departments and divisions were chosen as a target demographic for the study. To determine the sample size and the representation of the target population with a confidence level of 95 percent, a simplified formula was used; from a population size of 270, the sample size measured must be taken to obtain the correct representative of the mass population; The formula used to calculate the sample sizes for the analysis adopted by (Taro, 1967). Therefore, 161 samples were chosen from the total population by applying the formula below and the questionnaires were distributed accordingly.

The formula is presented as:

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

Where:

N = is the total populace

n = is the sample from the population

e = is the error term, which is 5% (i.e. at 95% confidence interval)

$$n = 270 / (1 + 270(0.05)^2)$$

n = 161 target responders

3.7. Data Analysis and Interpretation

After the distributed questionnaire is processed, the data was correctly arranged and codified. The coded data was subsequently fed to the SPSS version 26.0 software program. After which the data were analyzed to explain demographic characteristics using descriptive statistics. In addition to this, on the level of the various leadership styles and employee engagement, a descriptive analysis was also carried out. To analyze the impact of leadership styles on the engagement of employees, correlation analysis statistical methods was used. Moreover, to assess the influence of the independent variable (leadership style) on the dependent variable (employee engagement), regression analysis was performed.

3.8. Ethical Considerations

Ethical guidelines were followed. First and significantly based on informed consent the respondents are going to participate. Providing researchers with adequate information and guarantees on participating to allow individuals to understand the consequences of participation and to make a fully informed, thoughtful, and freely provided decision on whether or not to do so without any pressure or coercion being exercised. Regarding the questionnaire, use of insulting, racist or other inappropriate language was

avoided; as well as privacy and anonymity of the responders was well kept (Bryman & E, 2007). Second, recognition of works used in some aspect of the dissertation by other authors is acknowledged using the APA referencing method in compliance with the rule. In addition, ethical steps were applied on the analysis of data, where consistency were kept on the encoding the survey responses to achieve the quality of the results; ensuring truthful and verifiable statistics generated from the study.

Chapter 4: Data Analysis, and Results

4.1. Introduction

In this chapter, the study attempted to examine the effect of leadership style on employee engagement. As a consequence, the findings of the study are discussed and analyzed in this chapter. The liker scale questionnaire was constructed using six-point scales ranging from five to zero, with five (5) representing always, four (4) representing frequently, three (3) representing fairly, two (2) representing sometimes, one (1) representing once in a while, and zero (0) representing not at all.

To assess the degree of interaction between the variables under consideration, the study used correlation analysis. Regression Analysis was also used to test the influence of the independent variable on the dependent variable. Out of the questionnaire distributed and returned, 161 was used for review. Using SPSS 26.0 software, the data obtained was analyzed.

4.2. Demographic Background of the Respondents

This segment provides a demographic profile of the respondents. The respondents' personal profiles were evaluated according to their gender and age. As a way of identifying the respondents, descriptive statistics were carried out on the demographic variables.

Table 1 Demographic profile of respondents (Gender)

Gender	Frequency	Percent
Female	65	40.4
Male	96	59.6
Total	161	100

The analysis reveals that 96 employees (59.6%) are male and the remaining 65 (40.4%) are female employees from the target respondents.

Table 2 Demographic profile of respondents (Age)

Age Group	Frequency	Percent
18-24	0	0
25-31	63	39.1
32-38	48	29.8
39-45	29	18.0
46-52	14	8.7
53-59	5	3.1
60+	2	1.2
Total	161	100.0

According to the age group analysis, none of the responders were between the age group of 18-24, 63 (39.1%) are between 25-31 of age, 48 (29.8%) are between 32-38 of age, 29 (18.0%) are between 39-45 of age, 14 (8.7%) are between 46-52 of age, 5 (3.1%) are between 53-59 of age, and 2 (1.2%) are above 60 of age.

4.3. Descriptive Analysis

On a Likert Scale, which is a sort of rating scale used to measure attitudes or opinions, the respondents were asked to score their perceptions. The researcher utilized the responses to assess the organization's leadership style and its effect on employee engagement by asking respondents to score statements on a scale of 1 to 5 based on their level of agreement. 0 indicates not at all, 1 indicates once in a while, 2 indicates sometimes, 3 indicates fairly, 4 indicates frequently, and 5 indicates always.

Table 3 Responses on the level of Transformational Leaders

Rating Scale	Frequency	Percent
Not at all (0)	18	11.2
Once in a while (1)	12	7.5
Sometimes (2)	38	23.6
Fairly (3)	24	14.9
Frequently (4)	40	24.8
Always (5)	29	18.0
Total	161	100.0

From the questionnaire, 23 items are related to evaluating the transformational leadership, conducting of their respective employers were allocated to respondent/employees from the Multifactor Leadership Questions.

As it can be seen in Table 4 above, most of the respondents, (24.8%) fall within the range 4. We can also see that (23.6%) of respondents viewed their managers as displaying moderate transformative actions with a rating scale of 2 and the remaining 18%, 14.9%, 11.2% and 7.5%, their representatives were rated 5, 3, 0, 1 respectively by respondents. We may tell from this that most Sheger Mass Transport Enterprise leaders are strongly transformative.

Table 4 Response on the level of Transactional Leaders

Rating Scale	Frequency	Percent
Not at all (0)	25	15.5
Once in a while (1)	26	16.1
Sometimes (2)	30	18.6
Fairly (3)	29	18.0
Frequently (4)	24	14.9
Always (5)	27	16.8
Total	161	100.0

The table above indicates that employees' reaction to their leader's action to the extent on which they display a form of transactional leadership. As a result, about 18.6% of the respondents classified their leaders on the scale of 2, while just 14.9% and 16% rated their leaders on scale of 4 and 5 respectively as transactional leaders.

When the highest rating scale are put in comparison, 18% demonstrated transformative leadership, while transactional leadership accounts for 16.8%, so it is assumed that both

leadership style existed reasonably. Comparatively it can be presumed that management in Sheger Mass Transport Enterprise applies a little more transformational leadership style.

Table 5 Response on Employee Absorption

Rating Scale	Frequency	Percent
Not at all (0)	27	16.8
Once in a while (1)	48	29.8
Sometimes (2)	25	15.5
Fairly (3)	36	22.4
Frequently (4)	19	11.8
Always (5)	6	3.7
Total	161	100.0

The response of employees to their level of absorption in their job is shown in the table above. Describing employees as fully immersed in their work without detaching from it, time passing quickly and having everything else fading away.

As above the table data, majority 29.8% of respondents rate the question 1, and 22.4% rated 3. While the rest 16.8%, 15.5%, 11.8 and 3.7% rated 0, 2, 4 and 5. Indicating the majority of respondents are not detaching themselves with their job.

Table 6 Response on Employee Dedication

Rating Scale	Frequency	Percent
Not at all (0)	19	11.8
Once in a while (1)	12	7.5
Sometimes (2)	13	8.1
Fairly (3)	43	26.7
Frequently (4)	23	14.3
Always (5)	51	31.7
Total	161	100.0

The above table demonstrates the response on employee about their level of dedication exhibit in their job. Dedication refers to gaining a sense of value from one's career, feeling Enthusiastic and proud of one's work and encouraged and challenged by it (Wilmar & Arnold, 2004).

As above the table data indicates most of the respondents 31.7% rated 5, and 26.7% rated 3. While the rest 14.3%, 11.8%, 8.1% and 7.5% are 4, 0, 2, and 1 respectively. Thus, implying that at Sheger Mass Transport Enterprise employees' dedication is at more of a moderate level.

Table 7 Response on Employee Vigor

Rating Scale	Frequency	Percent
Not at all (0)	6	3.7
Once in a while (1)	7	4.3
Sometimes (2)	26	16.1
Fairly (3)	36	22.4
Frequently (4)	24	14.9
Always (5)	62	38.5
Total	161	100.0

The above table demonstrates the response on employee about their level of vigor exhibit in their job. Vigor refers to high energy and stamina levels, the ability to expend effort, not being easily fatigued, and difficulty-facing persistence. (Wilmar & Arnold, 2004)

As per the result, 38.5% of the respondents rated their vigor level 5, and 22.4% rated 3. While the remaining 16.1%, 14.9%, 4.3% and 3.7% rate the level of absorption level as 2, 4, 1 and 0 respectively. Thus, implying that employees in Sheger Mass Transport Enterprise who work with high energy and mental resilience are categorized under more than moderate level.

Table 8 Summary Response on all the dimensions

	N (Total)	Mean	Standard Deviation
Transformational	161	3.16	1.42
Transactional	161	2.43	1.47
Absorption	161	2.58	1.54
Dedication	161	2.92	1.72
Vigor	161	4.00	1.27

We can also see from the table that the mean of the two leadership types studied in this analysis displayed the most transformational leadership behavior relative to transactional behaviors, by comparing the mean.

It can also be reviewed that the three dimensions of engagement have been displayed and a lower degree of engagement absorption can be found relative to the two dimensions of engagement. Meaning that under low conditions, the enterprise performs in raising employee engagement that is below the 5 Likert scale.

4.4. Inferential statistics

To evaluate the interdependence of variables, correlation and regression analysis were used. It was used in this case to test the relationship between leadership styles and employee engagement. The correlation analysis was performed using two tailed tests of significance, and the effect of the variable was determined using regression analysis.

4.4.1. Correlation study

The Correlation analysis was applied to test the interdependency of the Transformational leadership, Transactional Leadership and Employee Engagement. In this section, the direction, whether the correlation is positive or negative, and degree of the relationship among the variables for this study were determined on the table (Table 10), it is possible to examine the correlation among all dimensions of the independent variables of transactional and transformational leadership with the dependent variable employee's engagement vigor, dedication & absorption. Correlation analysis is essential way of identifying relationship among variables. The value of the correlation coefficient ranges from -1 up to +1, where -1 indicating a perfect negative correlation meaning there is no relationship between the variable; and +1 indicating a perfect positive correlation indicating a strong relationship. This value of coefficient of correlation shows both the strength and direction of the relationship (Albert, 1999).

Table 9 Association strength measure of variables

Correlation value, r	Description
0.8 or higher	Very high
0.6 to 0.8	Strong
0.4 to 0.6	Moderate
0.2 to 0.4	Low
0.2 or lower	Very Low

Table 10 Correlation of Transformational and Transactional Leadership

		Transformational leadership	Transactional leadership	Employee Absorption	Employee Dedication	Employee Vigor
Transformational Leadership	Correlation	1				
	Sig (2 -tailed)					
	N	161				
Transactional Leadership	Correlation	.321	1			
	Sig (2 -tailed)	.000				
	N	161	161			
Employee Absorption	Correlation	.610	.307	1		
	Sig (2 -tailed)	.000	.000			
	N	161	161	161		
Employee Dedication	Correlation	.560	.385	.500	1	
	Sig (2 -tailed)	.000	.000	.000		
	N	161	161	161	161	
Employee Vigor	Correlation	.499	.389	.559	.399	1
	Sig (2 -tailed)	.000	.000	.000	.000	
	N	161	161	161	161	161

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

The above table 10 shows that Transformational Leadership style have degree of moderately strong positive relationship with employees engagement dimensions with Employee Absorption correlation value and significant ($r = .610, p < 0.01$), Employee Dedication correlation value and significant ($r = .560, p < 0.01$), and Employee Vigor ($r = .499, p < 0.01$). On the other hand, transactional Leadership style have slight positive correlation with employees engagement dimensions of Employee Absorption ($r = .307, p < 0.01$), Employee dedication ($r = .385, p < 0.01$), and Employee Vigor ($r = .389, p < 0.01$).

As a result, correlation analysis reveals that there is a clear and strong positive relationship between transformational Leadership style and employee engagement, while transactional Leadership has only a marginal positive relationship with employee engagement.

4.4.2. Multi-Collinearity Test

Multi-Collinearity predicts high correlation between the independent variables. If the value of tolerance should be more than 0.2, simultaneously, if the value of VIF is less than 10, then the multicollinearity is not problematic (Namr, 2019).

The table below concluded the VIF is on the low so there is not multi-linearity problem. The hypothesis agrees with the results.

Table 11 Multi-Collinearity Test

Model		Tolerance	VIF
	Transformational Leadership	.959	1.042
	Transactional Leadership	.959	1.042

*VIF-Variant Inflation Factors

4.4.3. Regression Analysis

Regression analysis is a set of statistical techniques used to estimate the relationship between a dependent variable ‘employee engagement’ and one or more independent variables ‘Transformational and Transactional Leadership styles’.

The determination coefficient describes the proportion of uncertainty between employee engagement and the independent leadership style variables, using the least-square approach to remove errors. The strongest unique contribution describing the dependent variable is the maximum beta.

4.4.3.1. Transformational Leadership style as a predictor

To discover the impact of transformational leadership on the engagement of Sheger Mass Transport Enterprise employees, a linear regression was conducted. The variables, the unstandardized coefficient, standardized coefficient is presented in Table below.

Table 12 Regression Result on Transformational Leadership and Employee Engagement

Model Summary						
Model	R	R Square (R2)	Adjusted R Square	Std. Error of the Estimate		
1	.449	.845	.821	2.65735		
a. Predictors: (Constant), Transformational						
ANOVA						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	284.062	1	284.062	34.293	.000
	Residual	1122.783	159	7.062		
	Total	1406.845	160			
a. Dependent Variable: Employee Engagement						
b. Predictors: (Constant), Transformational						

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.074	.606		6.718	.000
	Transformational	1.381	.302	0.034	4.571	.000
a. Dependent Variable: Employee Engagement						

The **model summary** shows that 84.5% of the dependent variable of ‘employee engagement’ can be explained by the independent variable of ‘transformational leadership’. Consequently, the regression model can be functional to predict how powerful the transformational leadership variable's effect on employee engagement is. Other variables outside the variable mentioned in this study clarify the remaining 15.5 percent.

From the **ANOVA table**, p value (sig)=.000<.0005, indicating the regression model is a good fit of the data and the regression relationship is highly significant in predicting how transformational leadership influenced employee engagement.

The **Coefficients** indicate all variables at zero, employee engagement equals to 4.07. And remaining the independent variable, transformational leadership, constant one-unit change in transformational leadership change will result in a factor of 1.381 change in employee engagement. Accordingly, the independent variable, transformational leadership, has a positive significant effect on employee engagement.

4.4.3.2. Transactional Leadership style as a predictor

The below table displays the statistical findings as per the linear regression conducted to find the impact of transactional leadership on the engagement of employees of Sheger Mass Transport Enterprise.

Table 13 Regression Result on Transactional Leadership and Employee Engagement

Model Summary				
Model	R	R Square (R ²)	Adjusted R Square	Std. Error of the Estimate
1	.440	.424	.377	2.67069
a. Predictors: (Constant), Transactional				

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	272.765	1	272.765	9.080	.000
	Residual	1134.080	159	7.133		
	Total	1406.845	160			
a. Dependent Variable: Employee Engagement						
b. Predictors: (Constant), Transactional						
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.166	.296	.169	10.700	.000
	Transactional	.418	.068	.440	6.184	.000
a. Dependent Variable: Employee Engagement						

The **Model summary** showing that 42.4% of the dependent variable ‘employee engagement’ can be explained by the independent variables ‘transactional leadership’. Therefore, this model is used to view how transactional leadership is moderately influential on the employees’ engagement. The remaining 57.6% is explained in this analysis by other variables outside the variable explained.

From the **ANOVA table**, p value (sig)=.000<.0005, indicating the regression model is a good fit of the data.

The **Coefficients** indicate all variables at zero, employee engagement equals to 3.166. And remaining the independent variable, transformational leadership, constant one-unit change in transformational leadership change will result in a factor of 0.418 change in employee engagement. Accordingly, the independent variable, transactional leadership, has a positive moderate effect on employee engagement.

4.5. Hypothesis Testing

Hypothesis 1: The aggregate dimensions of employee engagement have a statistically important association with transformational leadership.

1a. Transformational leadership style will positively predict employee’s levels of absorption.

Table 14 Summary Regression Result of Transformational Leadership on Employee Absorption

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transformational	0.641	0.454	0.197	0.849	0.806	20.013	1.412	0.000

As shown on the table above, ($\beta = 0.197$, $p = 0$), which suggests that Transformational Leadership greatly affects the engagement of employees and the scored value of R² shows that Transformational Leadership explains 84.9% variation in employee absorption. The hypothesis is thus accepted.

1b. Transformational leadership style will positively predict employee's levels of dedication.

Table 15 Summary Regression Result of Transformational Leadership on Employee Dedication

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transformational	1.439	0.509	0.025	0.852	0.852	20.537	2.825	0.000

As seen in the table above ($\beta = 0.025$, $p = 0$), which implies that Transformational Leadership substantially affects employee engagement, and the scored value of R² shows that 85.2% difference in employee dedication is explained by Transformational Leadership. As a result, dedication in the style of transformative leadership is the most predictive of the three dimensions of employee engagement. As a result, the hypothesis is accepted.

1c. Transformational leadership style will positively predict employee's levels of vigor.

Table 16 Summary Regression Result of Transformational Leadership on Employee Vigor

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transformational	3.166	0.296	0.169	0.424	0.377	9.080	10.700	0.000

As shown in table, the scored value of ($\beta= 0.169$, $p=0$), which suggests that transformational Leadership substantially affects the vigor of employees and the value of ($R^2=0.424$) shows that Transformational Leadership explains 42.4% difference in employee vigor. Hypotheses are embraced as acceptance.

Hypothesis 2: The aggregate dimensions of employee engagement have a statistically important association with transactional leadership.

2a. Transactional leadership style will positively predict employee's levels of absorption.

Table 17 Summary Regression Result of Transactional Leadership on Employee Absorption

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transactional	0.727	0.310	0.240	0.359	0.307	6.893	2.346	0.000

As indicated in the table above, the scored values ($\beta=0.240$, $p=0$) which specifies that transactional leadership significantly affects employee absorption and R^2 equates appears that 35.9% fluctuations in employee's absorption is clarified by transactional leadership. As a result, hypothesis is accepted.

2b. Transactional leadership style will positively predict employee's levels of dedication.

Table 18 Summary Regression Result of Transactional Leadership on Employee Dedication

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transactional	0.545	0.410	0.18	0.317	0.262	5.722	1.286	0.000

As shown, the scored value of ($\beta = 0.18$, $p = 0$), which suggests that transactional leadership greatly affects the dedication of employees and the value of ($R^2 = 0.317$) shows that Transactional Leadership explains 31.7% difference in employee dedication. Hypothesis is recognized as accepted.

2c. Transactional leadership style will positively predict employee's levels of vigor.

Table 19 Summary Regression Result of Transactional Leadership on Employee Vigor

Model	Under standardized Coefficients		Standardized Coefficients	R square	Adjusted R square	f	t	Sig
	B	Std Error	Beta (β)	R ²				
Transactional	3.685	0.316	0.053	0.393	0.344	7.982	0.547	0.000

As shown, the scored value of ($\beta = 0.053$, $p = 0$), which suggests that transactional leadership substantially affects the vigor of employees and the value of ($R^2 = 0.393$) shows that Transactional Leadership explains 39.3% difference in employee vigor. Hypothesis is perceived as accepted.

Chapter 5: Findings, Conclusion and Recommendations

5.1. Introduction

The findings, conclusion, recommendation, and limitation of the research study are included in this chapter.

5.2. Findings

The aim of this project was to analyze which leadership style is exercised at Sheger Mass Transport Enterprise. And the different types of employee engagement provoked by different forms of leadership styles through the help of three important engagement dimensions. The study has taken a sample of 161 employees using a questionnaire to represent the total population of 270 employees working in Sheger Mass Transport Enterprise.

Based on the questionnaire responses, the arithmetic means and standard deviations for the independent and dependent variables were determined using the three engagement dimensions. The mean values for the transformational leadership and transactional leadership styles rated by respondents ranged from 2.43 to 3.16.

Transformational and transactional leadership styles are strongly linked to the work engagement of employees. In other words, the results support that both transactional and transformation leadership styles are implemented by the management of Sheger Mass Transport Enterprise. There is, however, a clear connection between the transformational leadership style and the engagement of employees.

The questionnaire used three dimensions to measure and evaluate the level of employee engagement. These are Employee absorption, dedication, and vigor. Employee absorption respondent's rating was measured and reported to be an average of 2.58, the lowest score in the engagement dimension. Employee dedication had a mean score of 2.98. The final factor is vigor, mean value of the survey conducted for this study was 4, which is the highest score of the dimension. After all the three forms of engagement were shown, the

findings reveal that the company has a highest level of vigor engagement as opposed to the other two engagement dimensions.

The numerous problems associated with leadership styles and employee engagement have been subjected to correlation studies. The results of such analyses have been summarized below. As for the dimensions of absorption, dedication, and vigor are used to measure the relationship between transformational leadership and employee engagement: The result showed that **transformational leadership** has a reasonably **strong positive relationship** with all three dimensions of engagement with a score of absorption ($r=.610$, $p=.000$), dedication ($r=.560$, $p=.000$) and vigor ($r=.499$, $p=.000$). The relationship between transactional leadership and the three engagement dimensions was assessed using another correlation study: The result indicated that there is a **slight positive** relationship between **transactional leadership** and **engagement dimensions** with absorption ($r=.307$, $p=.000$), dedication ($r=.385$, $p=.000$) & vigor ($r=.389$, $p=.000$). A Multi collinearity test was also conducted with tolerance value of .959 and VIF 1.042 proving the absence of multi collinearity.

In order to test the hypothesis and the effect of leadership style on employee engagement a Regression Analysis was also conducted. The result from the assessment predicted the ability of Transformational leadership over employee's absorption revealing that transformational leadership ($\beta=0.197$, $p=0.000$, $R^2= 0.849$) positively and significantly affect to employee's absorption and can explain 84.9% of its variance. To assess the effect of Transformational leadership over employees dedication the regression analysis indicated that transformational leadership with the score being ($\beta=0.025$, $p=0.000$, $R^2= 0.852$), indicated that transformational leadership also positively and significantly affect to employees commitment and can explain 85.2% of its variance. Moreover, to assess the effect of Transformational leadership over employees vigor the regression analysis indicated that transformational leadership with the score being ($\beta=0.169$, $p=0.000$, $R^2= 0.424$), indicated that transformational leadership also positively and significantly affect to employees vigor and can explain 42.4% of its variance.

5.3. Conclusion

Finally, the findings of this study point to several promising areas for further investigation. Despite the fact that numerous studies have found that transformational leadership is the best style for fostering engagement, this study has found that transactional leadership is also a positive predictor of engagement. According to (Bernard, 1995), the most effective leaders are both transformative and transactional. However, there are strong emerging research trends that suggest transformational leadership has a greater impact on employee engagement. As a result, it is more advantageous to undertake study on this phenomenon.

5.4. Recommendations

Depending on the findings of the study and the conclusion made, the researcher proposes the following points to Sheger Mass Transport Enterprise in relation to the leadership style (transactional and transformative) and the engagement of employees, taking into account the results of this research.

- Leaders shall use a periodic employee engagement survey to determine employee engagement, and immediate response to emerging issues will be given by discussing with employees through the creation of voice platforms for employees and ensuring the highest level of engagement.
- To increase the level of involvement of employees at Sheger Mass Transport Enterprise. Management should formulate a plan for employee engagement, by strategically aligning the activities of the employees with the vision of the organization and strengthen its sense of intent. Since workers are genuinely the greatest asset of a company, then their care and support are a priority.
- It has been explicitly mentioned that there is a noteworthy difference between the dimensions of employee engagement and leadership styles. Through a means of capacity building, Sheger Mass Transport Enterprise management shall also improve the style of transformational leadership and management shall put its full maximum potential action.

- Employees evaluated their own level of engagement as relatively poor, according to the findings of the study. It suggests that employees are aware of their low levels of engagement. As a result, management should communicate with employees quarterly/annually and increase employee engagement by creating channels that allow employees to freely communicate with upper management and cross-sectional departments in order to motivate them and make them feel appreciated.

5.5. Limitation of the study and Suggestions for Future Research

The first is the compilation of cross-sectional/single point data using quantitative study design that has been used to gather employee responses, since this is limited to one point in time. Future researchers may also use longitudinal design and integrate qualitative questions to explain the impact on employee engagement of each leadership styles.

Secondly, this study examined the leadership style on employees' engagement and relationship between transformational and transactional leadership style and employee engagement. Future research could involve more variables. Such as the other types of leadership styles and other dimension of measurement.

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ANNEX

Addis Ababa University
School of Commerce
Master of Business Leadership
Questionnaire

Dear respondents,

I would like to thank you for your willingness to cooperate and your commitment to take from your precious time to fill out this questionnaire.

The purpose of the study entitled "The effect of leadership style of employee engagement in the case of Sheger Mass Transport Enterprise" to examine the relationship between the leader leading style and employee's work engagement. and to suggest possible recommendations on the leanings of the results.

The questionnaire was primarily constructed to collect relevant, vital, and truthful information to address concerns.

Section 1: Personal Details

1. In what age group are you?

- 18-24 25-31 32-38
 39-45 46-52 53-59 60+

2. Gender: Male Female

Section 2:

UWES: To what degree do these statements describe your engagement with the work?

Rating Scale

0= Not at all	1 = Once in a while	2 = Sometimes	3 = Fairly	4 = Frequently	5=Always
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Absorption	0	1	2	3	4	5
1. When you're working, you forget about anything else around you						
2. Time flies by as you work						
3. You get carried away when you're working						
4. It's impossible to distance yourself from work						
5. Your work immerses you						
6. You feel happy/content when you work hard.						
Dedication	0	1	2	3	4	5
1. Is your job demanding?						
2. Does your job encourage you?						
3. Are you excited about your job?						
4. Do you take pride in your work?						
5. Do you find your work to be meaningful and purposeful?						
Vigor	0	1	2	3	4	5
1. You look forward to going to work every morning.						
2. You have plenty of enthusiasm at work.						
3. You keep going even though things aren't going well at work.						
4. You have the opportunity to function for an extended period of time.						
5. You are mentally powerful.						
6. You are energized at work and feel good.						

Multifactor Leadership Questionnaire: To what degree do these statements describe the conditions at the workplace?

In your current or most recent work, this questionnaire is used to define a supervisor's leadership style.

Rating Scale

0= Not at all	1 = Once in a while	2 = Sometimes	3 = Fairly	4 = Frequently	5=Always
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Transformational Leadership Questions						
Intellectual Stimulation	0	1	2	3	4	5
1. Reexamines crucial assumptions to see if they are still true/appropriate						
2. When solving problems, seeks out various points of view.						
3. Encourages you to see issues from a variety of perspectives.						
4. Offers new perspectives on how to complete tasks.						
Idealized Influence	0	1	2	3	4	5
5. Discusses most fundamental principles and convictions.						
6. Stresses the value of a clear sense of mission.						
7. Emphasize the significance of a shared sense of mission.						
8. Thinks about the legal and ethical implications of decisions.						
9. Makes me feel happy to be associated with him/her.						

10. Looks out for the group's best interests rather than one's own.						
11. Behaves in a manner that earns my respect.						
12. Exude a sense of authority and self-assurance.						
Inspirational Motivation	0	1	2	3	4	5
13. Has a good view on the future.						
14. Discusses the tasks that must be completed with enthusiasm.						
15. Communicates a clear and compelling future vision.						
16. Shows belief that objectives will be met.						
Individual Consideration	0	1	2	3	4	5
17. Invests time in both teaching and coaching.						
18. Treated as an individual rather as a member of a group.						
19. Rather than being treated as a member of a community, you are treated as a person.						
20. Makes you more likely to try harder.						
21. Increases the ability to succeed.						
22. Assists in the development of your strength						
23. Makes you do more than you expected.						

Transactional Leadership Questions						
Contingent Reward	0	1	2	3	4	5
1. Offers you assistance in return for your efforts.						
2. Identifies who is responsible for meeting success goals in concrete terms.						
3. Makes it clear what to expect when it comes to results.						
4. Is pleased when your standards are met.						
Management by Exception (Passive)	0	1	2	3	4	5
5. Waits until problems become serious before interfering						
6. Waits for something to go wrong before acting						
7. Demonstrates that he/she is a firm believer						
8. Shows that issues must become recurrent before action is taken.						
Management by Exception (Active)	0	1	2	3	4	5
9. Draws attention to contradictions, errors, anomalies, and variations from the standard.						
10. Pays complete attention to coping with errors, grievances, and failures.						
11. Keeps a record of all errors						
12. Draws my attention to expectations that have not been met.						