



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEES'
MOTIVATION: A CASE OF CAPITAL HOTEL AND SPA**

**A Thesis Submitted to College of Business and Economics at Addis
Ababa University in Partial Fulfillment of the Requirement for the
Degree of Master of Business Administration**

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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
POST GRADUATE PROGRAM OF BUSINESS
ADMINISTRATION

This is to certify that this is a research titled as “The Effect of Leadership Styles on Employees’ Motivation: A Case of Capital Hotel and Spa”. It is submitted to College of Business and Economics at Addis Ababa University in partial fulfillment of the requirement for the degree of Master of Business Administration in Management. The thesis written by Yabsira Getachew is an authentic study carried out by her own effort under our guidance.

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DECLARATION

I, the undersigned, declare that this research work prepared for the partial fulfillment of the requirements for degree of masters of business administration in management entitled “**The effect of leadership styles on employees’ motivation in the case of capital hotel and spa**” has been produced by own effort. I have made it independently with the close support and guidance of my advisor. This is original work and that all sources of data used for the study have been fully acknowledged. This study has never been submitted for any other institution.

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LETTER OF CERTIFICATION

This is to certify that the thesis prepared by Yabsira Getachew entitled “The Effect of Leadership Styles on Employees’ Motivation in the Case of Capital Hotel and Spa” submitted in partial fulfillment of the Requirements for the award of MBA Degree in Management. This work complies with the regulations of the University and meets the stated standards with respect to originality and quality.

Prof. Ayele Tirfe Woldemichael (DR-ING) _____

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Date _____

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ABSTRACT

The main objective of this study has been to establish the effect of leadership styles on employees' motivation at Capital Hotel and Spa year 2020. To achieve the objective, research questions and hypotheses were formulated and assessed based on the conceptual framework of considering independent variable as leadership styles and dependent variable as employees' motivation. The study focused on the three major leadership styles, namely Transformational, Transactional and Laissez-faire. In addition the study employed a stratified random sampling method to collect data from employees of Capital Hotel and Spa. Both primary and secondary sources have been used. A total of 156 questionnaire was distributed and out of this 139 respondents filled and returned the questionnaire. Cronbach's alpha was tested in order to check the reliability and internal consistency of the questionnaire. The researcher used quantitative approach and Information gathered from respondents was analyzed using descriptive (frequencies, percentages, means & standard deviations), correlation and regression analyses using Statistical Package for Social Science (SPSS) software version 24. The descriptive statistics result showed that motivation level of employees was high. Transactional leadership was found to be the dominant leadership style in the hotel. Pearson Correlation analysis showed that there is statistically strong and positive relationship with transformational and transactional leadership while laissez-faire has a weak positive relationship with employees' motivation. Furthermore, the regression result shows that the selected leadership style is found to have positive and significant effect on employees' motivation. Transformational leadership style is found to be the most contributing leadership style in the prediction of employees' motivation. Finally the researcher recommends that the managers should adopt transformational leadership style because of its significant positive effect on motivation of employees.

Keywords: Transformational leadership, Transactional leadership, Laissez-faire leadership and Employees' motivation

List of Acronyms

CHS- Capital Hotel and Spa

SPSS- Statistical Package for Social Science

The Hotel - Capital Hotel and Spa

UNDSS- United Nation Department of Safety and Security

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The hospitality industry is one part of the larger travel and tourism industry that, in addition to hospitality, consists of transportation service organizations and retail businesses. This industry provides lodging or accommodations including food and beverage services for people who are away from their homes. The friendly treatment of one's guests and this human touch must be provided by the organization's staff members known as hospitality. Hospitality industries are required to attract prospective employees to develop a competitive advantage in addition to implementing a winning business model. The employees of every hospitality entity are its most important and most valuable human resource. How their work is managed directly impacts the success or failure of the organization (Hayes & Ninemeier, 2009).

Employees constitute an indispensable component in organizations in order to fulfill organizational objectives. Therefore, it is essential that employees perform in a highly efficient and creative way. The significance of people is often taken for granted but it is an essential to be aware of the fact that firms are made of people and it is people who provide leadership, stewardship and follower-ship. According to Warigon (2012, p.1), people also continually learn new and innovative things that help to support organizations to achieve great objectives and finally goals. Employees are supposed to contribute to the objectives and goals of an organization and there is a high significance of understanding how employee's behavior influences the performance of organization.

Leadership is critical to the ongoing success of organizations in every sector of today's competitive global business markets. Leadership gives managers the ability to shape the behavior of their employees in an organization. Motivated employees constitute one of the most important results of effective leadership and thus successful managers are successful leaders because they have great influence on their employees in order to help accomplishing organizational goals (Naile & Selesho, 2014). Leadership styles vary between industries and organizations. According to Lussier (2013) leadership style is the mixture of skills, traits and behaviors leaders use as they interrelate with followers. Although a leadership style is based on traits and skills, the important component is the

behavior because it is a relatively consistent pattern of behavior that characterizes the success of a leader. Leadership styles are adapted by several leaders in accordance with the demand and working environment of an organization (Zahari & Shurbagi, 2012).

Leadership and motivation are the driving forces behind most human endeavors. According to Yukl (1994), leadership is a process of having remarkable influence on the subordinates who will be motivated to achieve a specified target and more: The group maintains cooperation and achieves stated objectives. The basic principle of leadership is about influencing relationships between leaders and followers which generate interest and effective behavior towards reaching defined organizational objectives and goals (Bennis & Nanus, 1985; Burns, 1978).

Achieving organizational objectives and goals, however, is not enough to keep employees motivated. An important part of employees' motivation is helping employees accomplish their own personal and career goals. Leadership and motivation are interactive. The effectiveness of leadership is critically depending on and often defined in terms of leaders' ability to motivate subordinates toward collective goals or mission and vision (Shamir et.al., 1998). Researchers suggested that managers and leaders in public sector organizations need to improve their understanding of how intrinsic and extrinsic motivation influence the performance of their employees and reframe their views concerning techniques for motivating them.

When the motivation level of employees increases, this will result in more returns to the organization. The demotivation of the employees has adverse effects on efficiency and effectiveness of the organization. So studying the effects of leadership styles on employees' motivation is one of the most significant areas of organizational setup. Even though there is already a basic understanding of the effect that leadership has on motivation, it would be useful to have an even better understanding to have recommendations on how leadership influence employees. For that reason, the topic of this study concerns the effect of leadership on employees' motivations.

1.2 Statement of the Problem

Managers clearly agree that this century demands more efficiency and productivity than any other time in history as businesses are striving to increase their performance and to succeed in putting their company ahead of competitors (Kompaso & Sridevi, 2010). In the hospitality business almost everything rely on the physical labor of several hourly workers: this involves people who prepare food, serve tables, mix drinks, wash dishes, check in and out guests, clean rooms, carry guest luggage and mop floors. According to Deloitte (2010) reports, key to the brand promise is the talent of providing it. Quite a few industries are as dependent for success on the performance of hourly employees. These employees make the products and serve the customers and guests or they drive them away. How well these workers provide the product and service depends largely on how well they are managed. The product or the service suffers and the establishment is in trouble, if they are not managed well. Miller, Walker & Drummond (2007), stated that leaders are the people who are responsible to supervise employees who hold the keys to the success of organizational operation. Many managers in the hospitality business face a more uncertain and complex work environment than in several other industries due to its unique service characteristics Davis, B., Lockwood, A., Alcott, P. & Pantelidis (2012). Hospitality and service are innate qualities and special attributes that a person possesses. So, they are not descriptions of a business. You cannot buy them. You either possess them or you do not. You cannot invent them. Hospitality comes from inside a human being (Sturman, Corgel & Verma, 2011).

In the study done by Bernard M. Bass (1999), the great author in leadership, 45% to 65% of the overall factors of success or failure is based on the leaders. A manager using a leadership style that does not fit employees' needs is probably to frustrate the employees and reduce their level of motivations. On the other hand, a new employee with no experience most likely wants guidance and supervision, rather than being left alone to do a job without motivation, training and support from their manager. Frustration of the worker and disappoints of the employer may rise from the failure of preparation of a person to handle the responsibility of delegation. An unsatisfied worker often lacks motivation. On the other hand, Managers blame employees for their lack of motivation; they may fail to see their own leadership ineffectiveness is to blame for the motivation problem. Leadership begins with the initial effort made to recruit a new employee; it proceeds through the entire induction process and continues every day until the employee leaves the organization. This

process is cultivated by a manager/leader, motivating new employees and it highlights, once again, the importance of leadership to an organization.

A leadership style always can either lead to inspiration or desperation among employees which may result in enhanced or reduced productivity. Leadership is not "one size fits all" thing; often, a manager must adapt their style to fit a situation or a specific group and this is why it is useful to gain a thorough understanding of various leadership styles; after all, the more approaches the manager is familiar with, the more tools they will be able to use to lead effectively (Murray, 2013). Appropriate leadership in the organization enhances the employee's learning process to have positive outcomes. The decision regarding the uses of leadership approach influences the long-term and short-term strategic objectives and goals of the organization. The current study focuses on administrative leadership styles that promote the intrinsic and extrinsic motivation of the employee. Recognizing motivation is crucial for the employee because it improves employee performances to accomplish individual and organizational goals.

The results of previous studies also indicated a relationship between perceived leadership styles and employee motivation indicated the need for more research to advance knowledge in this area (Chaudhry, Javed, & Sabir, 2012; Vanhala & Stavrou, 2013). For years, many researchers tried to explain the concept of leadership and provide a guideline on how to become a successful leader. There is no universality when it comes to leadership. Leadership styles vary between industries and organizations (Zahari & Shurbagi, 2012). To put it differently, the same leadership style would not apply in banking and hospitality sectors. The dynamic character of the industry and the many challenges in the sector, including increasing competition, shifts in customer demand and declining economy are increasing the importance of the correct leadership style (Testa & Sipe, 2012). Furthermore, another challenging attribute distinguishing the hospitality industry leadership from other sectors is the continuous interaction of the leader not only with the employees but also with their customers and guests. Hotels experience the tightest pressure from trying to keep up the demands for workers. They face high levels of employee turnover and increasing competition from other industries. Various organizations need strong leadership styles that stimulate the employee performance. Employee performance includes executing defined duties, meeting deadlines, manifesting competency and demonstrating effectiveness and efficiency in doing work. Therefore,

the intention of the researcher is to find out how far the leadership styles become parameters influencing employee motivation of the hotel.

This study has examined many researchers' work on the issue under study. There are a number of studies conducted about leadership in Ethiopia. Most of the studies conducted are leadership in relation to employee performance and job satisfaction on different organizations. Even though there have been a lot of research work on the relationship between leadership and motivation in general it still has not received adequate research attention in targeting the hotel sector especially in the local brand hotel. In addition, different studies and authors state that leadership positively affects employee motivation; however, there is a lack of research on how this fact fits within the hotel industry. This study has tried to establish the relation between leadership and employee motivation in the hospitality industry of Addis Ababa, by taking experience from Capital Hotel and Spa. The study is, therefore, designed to bridge this gap in research and to give more light on the topic.

1.3 Objectives

1.3.1 General Objective

The main objective of this study is to determine the effect of leadership styles on employees' motivation.

1.3.2 Specific Objectives of the Study:

1. Determine the dominant type of leadership style practiced at the Capital Hotel and Spa.
2. Establish the relationship between leadership style and employees' motivation in Capital Hotel and Spa.
3. Determine the level of employees' motivation at Capital Hotel and Spa.

1.4 Research questions

The following specific research questions have been formulated to achieve the broad objectives:

1. What is the dominant type of leadership style practiced at the capital hotel and spa?
2. What is the prevailing relationship between leadership style and employees' motivation in capital hotel and spa?
3. What is the level of employees' motivation at Capital Hotel and Spa?

1.5 Significance of the study

This study tried to show the effect of leadership style on employees' motivation of the Capital Hotel and Spa and give possible recommendations as to how the hotel keeps its employee motivated by using appropriate leadership style. It is believed that the results of this study fill some research gaps and at the same time make contributions to knowledge. In addition, it is anticipated that the findings and conclusions drawn from this study can have immense benefits to a number of people.

- This study would serve as a tipping point for Capital Hotel and Spa by identifying the attitude or perception of its employee toward their work and change its working environment in a way that can satisfy and motivate its employees. This, in turn, will help the hotel to deal better with the challenge of employee retention in the fast growing corporate world. The study also helps the organization managers to determine which styles to adopt so that the employees are more motivated, committed, have a much better engagement and attach themselves with the organization. Adoption of the appropriate leadership style will help induce trust and loyalty for the organization. Further, the hotel will benefit from this research outcome in planning future leadership development scheme and assuring the motivation of its employees by promoting the appropriate leadership style.
- This study could bring value to the hospitality industry by improving processes that help managers motivate employees who may become the future leaders of their organization. It also contributes to business practice by helping managers understand, identify, select, develop and evaluate the need for further development of knowledge and skills related with leadership to attract and retain valuable employees.
- The study may serve as a stepping stone for further and in-depth studies. The outcome of the research could serve for other researchers who would like to undertake this research as a blueprint and as source of additional reference for their findings related to this title.
- Finally it enables the researcher to improve her skills and acquire basic experiences. It also adds to our broad understanding by creating awareness about the impact of leadership on employee motivation.

1.6 Scope

The scope of this study is to investigate the effect of leadership styles on employee motivation in case of Capital Hotel and Spa. The study focused on the entire size of employees and particularly on those permanent full-time employees who are on jobs at Capital Hotel and Spa. Also the study could be extended mostly to the non-management category and middle level employees, who may judge the leadership styles of their managers managing them.

1.7 Limitation

The study is limited to the impact of the three leadership styles, namely transformational, transactional and laissez-faire of Capital Hotel and Spa on employees' motivation and as such did not study the other leadership styles that could impact motivation. The occurrence of the pandemic corona virus has limited gathering more intensive and analyzing and giving conclusive results at the right time. As this research highly depended on filling questionnaire, uncooperativeness of some employees to fill the questionnaire and return them back in time was a challenge. The researcher had to travel now and then requesting the questionnaire to be filled and filled properly.

1.8 Organization of the Paper

The research report has been organized into five Chapters: The first chapter contains the introductory part that included background, statement of the problem, research questions, objective of the study, significance of the study, scope the coverage, limitation of the study and organization of the paper. The next chapter deals with the review of literature plus theoretical foundation and empirical review regarding this study. The third chapter presents research methodology and explains the research design, methods, sample size and study area of data collection and analysis. Chapter four presents the analysis and interpretation of the collected data applying percentages and tables. A final write-up is the main part of the chapters. Finally, chapter five summarizes, concludes and present the necessary recommendations that stem from the findings of the study.

CHAPTER TWO

REVIEW OF LITERATURE

Chapter two deals with the related literature review of this study. The chapter will explore the vast body of literature concerning leadership in general and leadership styles in particular. First, several definitions of leadership will be explored in the first section. In the next section, the review will discuss three different leadership-styles, namely transformational, transactional and laissez-faire leadership. The characteristics and dimensions of these three leadership-styles will be presented. This chapter will then conclude with the insights gained on the topic of leadership and leadership-style in general and how this may pertain to motivation in particular.

2.1 Overview of Leadership

Studying about leadership is not a new phenomenon. From earliest to present times, scholars, military generals, politicians and more casual observers have been interested in the study of leadership. Finding one specific definition of leadership is not easy as studies on this topic have been diverse and there is hardly universally accepted definition. Leadership styles have been studied extensively; perspectives on leadership have been written, revised and defined by various scholars in many ways.

Leadership is complex because it has been and still is studied in different ways and circumstances that entailed different definitions. Most articles and books on the topic of leadership indicate that it is a means of influencing the actions of others. Ken Blanchard (2010), the author of many books and articles on leadership has defined it as follows: In any situation in which someone is trying to influence the behavior of another individual or group, leadership is occurring. Thus, everyone practices leadership at one time or another, whether the activities are focused on a business, educational institution, political or economic development firms or family. The capacity to influence others by unleashing their powers and potentials to impact a greater good is referred to as leadership (Blanchard, 2010). Northouse's (2014), also define leadership in similar way as "a process whereby individuals influence other groups of individuals to achieve shared goals or commonly desired outcomes". Some definitions as noted above describe leadership as an act of influence, some as a process and yet others have looked at a person's traits. In the stated definitions

one commonly shared line of agreements appears that leadership is about one person influencing a person or a group of people in order to realize defined objectives and even goals.

All modern theories can fall under one of the following three perspectives: Leadership as a process or relationship, as a combination of traits or personality characteristics, as certain behaviors or, as they are usually referred to leadership skills. Several researchers agree that there is no a single set of principles or behaviors that leads to effective leadership. Instead, it is becoming progressively understood that the most effective leadership style in a given condition responds to what is needed. The leadership role in a firm is assumed when an individual has a clear vision of what needs to be accomplished. Furthermore, their role is able to get the members of the organization to strive willingly for common objectives and goals.

Leadership is a process by which an executive can direct, guide and influence the behavior and work of others toward the accomplishment of defined objectives and goals in a given situation. Inducing subordinates to work with confidence and zeal is the ability of managers. Leadership can be defined as the capacity to influence a group in realization of the objectives and goals. Additionally, an effective leader that has strong leadership skills should also be in possession of certain characteristics. These characteristics are passion, consistency, trust and vision. Leaders who own these characteristics are only able to build trust in employees.

Generally, Leadership is one of the key determinants associated with the success and failure of any organization. Leadership requires being strategically focused and applying behavioral techniques to build commitment and attain the best work from the people. The ingredients of effective leadership are diverse and are widely agreed to depend on the specific situations, on the difficulty of tasks, on the degree of a leader's authority and on the maturity and capabilities of subordinates. Leaders potentially play a role in enhancing the behavior and moral development of others and in influencing others to enthusiastically direct their efforts and abilities towards attaining defined group or organizational objectives and goals. Thus, the conclusion to be drawn at this point is that leadership is an important success-factor in today's dynamic business environment.

2.1.1 Leadership Theories

According to Charry (2012), during the early part of the twentieth century, scholarly interests in leadership increased significantly. He identified eight major leadership theories. The earlier of these focused on the qualities that distinguished leaders from followers. But, later theories looked at other variables including situational factors and skill levels. Charry's eight major types are as follows:

1. **"Great Man" Theory:** This theory assumes that the ability of leadership is inherent and that great leaders are born, not made. The theory often portrays leaders as heroic, mythic and intended to rise to leadership when desired. The term great man was used because, at the time, leadership was thought of primarily a male quality especially military leadership.

2. **Trait Theory:** This theory is similar in some ways with great man theory. The trait theory assumes that people inherit certain qualities or traits and make them better suited to leadership. This theory frequently identifies particular personality or behavioral characteristics that are shared by leaders. Many have begun to ask of this theory: If particular traits are key features of leaders and leadership, how do we explain people who possess those qualities but are not leaders? Inconsistencies in the relationship between leadership traits and leadership effectiveness ultimately led scholars to shift paradigms in search of new clarifications for effective leadership.

3. **Contingency Theory:** Contingency theory of leadership emphasis on specific variables related to the environment that might determine which style of leadership is suitable for a specific work condition. According to this theory, no single leadership style is suitable in all conditions. Success is depends on a number of variables, namely leadership style, qualities of followers and situational features.

4. **Situational Theory:** Situational theory states that leaders choose the best course of action based upon situational conditions or circumstances. Different styles of leadership may be appropriate for different types of decision-making. For example, in a situation where the leader is expected to be the most knowledgeable and experienced member of a group, an authoritarian style of leadership might be most appropriate.

5. **Behavioral Theory:** This theory of leadership is relies on the belief that great leaders are made, not born. It focuses on the activities of leaders not on intellectual qualities or internal states. Based

on the behavioral theory, individuals can learn how to become leaders through training and observation. It has been observed that groups under these types of leadership perform in different ways: Autocratically-led groups will work well so long as the leader is present. Group members, however, tend to be unhappy with the leadership style and show hostility. Democratically led groups do nearly as well as the autocratic groups. Group members have more positive feelings and no hostility. Mostly, the efforts of group members continue even if the leader is absent.

6. Participative Theory: this theory proposes that the ideal leadership style is one that takes the contribution of others into account. Those leaders encourage participation and contributions from group members. They help group members to feel relevant and committed to the decision-making process.

7. Transactional/Management Theory: Transactional theory, also known as management theory. It emphasizes on the role of supervision, organization and group performance. It also focuses on the exchanges that take place between leaders and followers. This leadership theory bases on a system of rewards and punishments. Employees are rewarded when they are successful, while employees are punished when they fail.

8. Relationship/Transformational Theory: Relationship theory, also known as transformational theory, emphasizes on the relations formed between leaders and subordinates. In this theory, leadership is the process by which a person involves with others. It is able to “create a connection” those results in enhanced motivation and morality in both followers and leaders. Transformational leaders motivate and inspire people by helping group members to see the importance the task. These leaders are emphasized on not only the performance of group members, but also fulfilling their potential. This style of leaders often have high ethical and moral standards.

2.1.2 Leadership styles

I. Transactional Leadership Style

Transactional leadership style assumes that employees are motivated primarily by reward and punishment (David R. Kolzow, 2014). The assumption is that employees can perform their best when there is definite and clear chain of command and that reward or punishment is contingent on performance. Employees should be happy to pass on all authority and responsibility to their leader, which is the opposite thinking of empowered employees. The transactional leaders focused on

maintaining of the status quo. Obeying the instructions and commands of the leader is the primary concern of the followers. This leadership style starts with the idea that team members agree to obey their leader when they accept a job. The transaction usually involves the organization paying team members in return for their efforts and compliance. The leader has a right to punish team members if their work doesn't meet a defined standard.

A leader who uses transactional leadership style is more a manager than a leader. This type of leader greatly concentrated on getting tasks accomplished, providing very clear direction and overseeing organizational productivity in detail. Transactional leader tends to think inside the box when solving business problems (Swathi, 2013). The concern is more with the work process than with forward-thinking ideas. Rules, procedures and standards are critical for the transactional leader. This type of leader tends to carefully monitor, manage employees and give corrections throughout the working process. When a subordinate fails to meet expectations, the next step often is a punishment. A major disadvantage of the transactional style is that it does not consider other potential issues that may influence results and therefore affect the effectiveness of leadership. For example, if clear behavioral or outcome expectations are expressed by top leadership, but the reward for achieving them is not considered adequate, staff leaders may not be motivated to work hard to make these outcomes happen.

Transactional leadership has been characterized as a contractual or an exchange process between leaders and followers. According to Bass (1985), the transactional leader identifies specific followers' expectations and provides rewards in exchange for their performance. Bass also states that transactional leadership style is an exchange process based on the fulfillment of contractual obligations. These leadership style typically represented as setting objectives, monitoring and controlling outcomes of the organization. The locus of the connection is on an exchange. Each party to the exchange recognizes the value of the exchange and the value of the relationship, but these bargainers have no reason to remain together subsequent to the exchange. There is nothing enduring about their relationship; no actual engagement has occurred. That is, leaders of this style expect certain work behaviors from their employees who are compensated for these behaviors by both monetary and nonmonetary rewards.

The transactional leaders appeal to the subordinates' self-interests. Transactional leaders strive to fulfill the current needs of their employees through bargaining and exchanging. They expect their followers to attain agreed-upon objectives and goals without encouraging them to take on greater responsibilities for self-development or for leading others. Leaders do not attempt to change employees' attitudes, values, growth and development on a long-term basis. In this type of leadership both leaders and subordinates emphasize on achieving the negotiated performance level.

A transactional leader motivates employees through rewards based on their performance of services rendered (Bass & Avolio, 2004). This leader clarifies the organizational objectives and goals to subordinates and arranges contingent rewards as inducements toward their achievements. Transactional leadership emphasized on telling or controlling behaviors because rewards and discipline are administered according to adherence to or deviation from instructions.

Followers are motivated by leaders' promises, praises and rewards in transactional leadership style (Bass and Steidlmeier 1999). Employees are also corrected by negative feedback, criticism, threats, or disciplinary actions. Also the ethical and moral legitimacy are dependent on leaders granting the same liberties and opportunities to others that one claims for oneself, on telling the truth, keeping promises and employing valid incentives or sanctions. To be more specific, the moral legitimacy of transactional leadership requires fairness and contingent reward leadership that shows the relationship between finishing certain tasks/behaviors by the followers and receiving rewards from leaders. Active management implies that the leader will apply punishment if subordinates fail to show the required behaviors or accomplish certain tasks.

There are two main components of transactional leadership, namely contingent reward and management-by-exception. Contingent reward is when the leader delivers rewards if the followers perform in accordance with the performance expectations or expend the required effort. The contingent reward aspects of transactional leadership must be related positively to employees' performance. These leaders clarify expectations and recognize achievements that positively contribute to higher levels of performance. It focuses on clarifying the roles of employees' and task requirements and providing employees with positive and negative rewards contingent on the basis of their performance.

II. Transformational Leadership

Based on the findings of leadership studies, for the past several decades transformational leadership has been the theory of choice. Researchers such as Burns and Bass in 1970s and 1980s, defined the concept of transformational leadership. According to Burns (1978), transformational leadership defined as achieving a common aim based on the leader directing and motivating employees. The concept of transformational leadership was first used by James McGregor Burns in his book of leadership in 1978 as the transforming leadership, and later Bernard M. Bass developed the Burns' idea into the theory called today's transformational leadership. He defined this theory as when both the leaders and employees come together to achieve the desirable moral and motivation. Through the strength of their visions and directions, the transformational leaders could motivate the workers to achieve the common objectives and goals. On the other hand, Bass explains that transformational leadership can be defined according to the impact the leader has on the subordinates. He also stated that transformational leadership style occurs when leaders widen and raise the interests of their followers, when they create awareness and acceptance of the mission of the group and when they inspire their employees to look beyond their own self-interest for the good of the group. Transformational leadership grows out of the assumption that people will follow a leader who inspires and motivates them.

The transformational leaders have a basic focus on transforming the organization and, quite possibly, their followers. In this leadership style, the leaders motivate and inspire by developing a compelling vision, selling that vision and focusing on developing relationships with followers as teachers, mentors, and coaches.

In today's businesses, in which team building and information sharing are significant and plans are often cooperative in nature, transformational leadership has confirmed to be more effective. Modern firms look for leaders who can develop positive relationships with followers and motivate subordinates. Transformational leadership is an expansion of transactional leadership or differentiated from transactional leadership which involves an exchange process to motivate follower compliance with leader requests and organization rules. These types of leaders strive to inspire the undeveloped or dormant needs of their employees. Significant and continuous learning and relationship building are the essential outcomes of transformational leaders. The leaders engage their followers by spending a lot of time on building trust and demonstrating a high level

of personal integrity. This leadership style tends to help motivate subordinates to be loyal and dedicated workers.

Transformational leaders are often known for moving and changing things in major ways by communicating to followers a clear vision of the future and by tapping into followers' highest ideals and motives. They are said to be powerful in transforming a weak or declining organization by influencing followers/employees to be convinced by the organization's new vision, ideas and possibilities. Transformational leaders mentor and develop subordinates, provide them with challenging opportunities, work one-on-one basis to help them meet their professional and personal needs and encourage them to approach problems from new perspectives. They stimulate employees to look beyond personal interests to those of the group. This leadership style is concerned with developing a vision that informs and expresses the organization's mission and lays the foundation for the organization's policies, procedures and strategies. Transformational leaders use strategies and techniques to empower the followers, enhance their self-efficacy and change their values, norms and attitudes which are consistent with the leaders' and organizations' vision.

According to Burns (1978), all transformational leaders are charismatic; but all charismatic leaders are not transformational. The articulation of a convincing vision of the future and forming strong emotional attachments with the employees is due to transformational leaders being charismatic. Burns mentioned that transformational leadership often interacts with problems and change. Thus, these types of leaders must always be ready to face conflict. Furthermore, transformational leadership has been consistently claimed to be more effective than the other leadership styles. Leaders specifically appear to motivate their followers through emotion. There is substantial evidence that transformational leadership style is effective. Several survey studies find that transformational leadership style is positively associated with leadership effectiveness indicators such as employee satisfaction, motivation and performance. Those transformational leaders have a more significant motivating effect on employees and are preferable to transactional leaders because they motivate employees to perform well even in situations that lack any chance of receiving formal recognition. Transformational leaders can be directive or participative, authoritarian or democratic. Some leaders may display both transactional and transformational behavior. They are proactive, raise follower awareness for superior shared interests and help followers to achieve defined organizational objectives and goals.

When comparing the two styles of leaderships, Bass (1985) explained that transactional leader does not involve regularly with the workers unless mistake or deviation occurs. He asserted that such leaders want the usual course of actions in a company to be pursued perfectly every time a job is done. He adds that transactional leaders do not motivate their employees or help them develop their careers. On the other hand, Bass described transformational leadership as inspirational, challenging, charismatic and stimulating and always developing the capability of the employees. As a result of this says Bass, employees work willingly toward their full potential when they are inspired by their transformational leader.

Table 2-1 Comparison between Transformational and Transactional Leadership Styles

Transactional Leadership	Transformational Leadership
<ul style="list-style-type: none"> ▪ Leadership is responsive 	<ul style="list-style-type: none"> ▪ Leadership is proactive
<ul style="list-style-type: none"> ▪ Works within the organizational culture 	<ul style="list-style-type: none"> ▪ Works to change the organizational culture by implementing new ideas
<ul style="list-style-type: none"> ▪ Makes employees achieve desired organizational outcomes through rewards and punishment 	<ul style="list-style-type: none"> ▪ Encourages and empowers employees to achieve the organization's desired outcomes by appealing to higher ideals and values
<ul style="list-style-type: none"> ▪ Tries to motivate followers by appealing to their own self-interest 	<ul style="list-style-type: none"> ▪ Encourages followers to transcend their own interests for those of the organization or team

III. Laissez-Faire Leadership Style

According to Goodnight (2011), laissez-faire leadership may be the best or the worst type of leadership style. Laissez-faire is a French phrase for “let it be,” when applied to leadership refers to leaders who allow employees to work on their own. It is one of the leadership style where manager provides little or no direction and gives subordinates as much freedom as possible. Basically, this type of leadership style looks simple and easy-going between the leaders and employees. Robbins (2007), Luthans (2005) and (Osborn, 2008) explained the laissez-fair style as “Abdicates responsibilities avoids making decisions”. The Authors define the laissez-fair leadership style with their own words and the idea in their given definitions is almost the same. Leaders of this type abdicate responsibilities and avoid making decisions; they give a complete

freedom to subordinates to do their work and set their own deadlines. The authors also define that the leaders in this style usually don't interfere in decision making process. They normally allow their subordinates to have power to get their personal decisions on the work. Employees are allowed to do work in their own way and also responsible for the decision they make. Normally leaders avoid making decision and don't involve in working units because they give subordinates complete freedom to do decisions. Sometimes the leaders provide them with important material and they raise questions & answers but avoid feedback. The laissez-faire is applied when employees are highly skilled, experienced and educated employees have pride in their work. They have the drive to do the work successfully on their own. Outside experts and staff specialists or consultants are used and employees are trustworthy and experienced.

Laissez-faire leadership is a type of leadership style in which a leader is hands-off and delegates group members to make decisions by their own. Kumar (2015), also stated that maximum freedom is allowed to subordinates under this type of leadership style. They are given freehand in deciding on their own plans and methods and in making independent decisions. Laissez-faire leaders are characterized as by not interfering with their followers and members; in fact, laissez-faire leadership is an absence of leadership style. Leaders of this style make no group-related decisions. Instead, group members are responsible for all decisions and problem solving. Laissez-faire leaders have very little to no authority within their group organization. Leaders do little or nothing to affect either the followers or the outcomes of their behaviors. Likewise laissez-fair leadership is the idea that the subordinates should be able to work on problems and make their way through an expedition without too much extra guidance.

Laissez-faire leaders usually allow their subordinate the power to make decisions about their work (Chaudhry & Javed, 2012). The leader provide resources and advice for teams, if needed, but otherwise do not get involved. The roles of laissez-faire followers include self-monitoring, problem solving, and producing successful end products. Laissez-faire leaders are most successful in environments with highly trained and self-directed followers. This leadership style can be effective if the leader monitors performance and gives feedback to team members regularly. The main advantage of this leadership style is that it allow team members so much autonomy which may lead to high job satisfaction and increased productivity. But it can be also damaging if team members do not manage their time properly or do not have the needed knowledge, skills and

motivation to do their work effectively. According to Ololube (2013), this type of leadership style can also occur when managers do not have sufficient control over their staff. The most effective leadership style depends on the desire to allow some degree of freedom to employees to make decisions so this study aims at investigating how laissez-faire may contribute to employees' motivation.

2.2 Employee motivation

Definitions and theoretical contribution by different scientists

Employee motivation is considered as one of the most vital elements in reaching the success and eventual development of businesses in today's a dynamic and fierce market competition. Nowadays, almost all practitioners and scholars have their own definitions for motivation. There are several points of view and definitions of motivation are shared below in order to get a broader understanding of the concept of motivation.

Usually one or more of the following words is involved in most definitions such as desires, wants, wishes, aims, goals, needs, drives, motives, and incentives. The word motivation is derived from the Latin word "mover" which means "to move". Motivation is defined by authors like Robbins, Osborn and Williams. An author in the areas of management and organizational behavior, namely Robbins (2007) has emphasized that employee motivation is "The process that accounts for an individual's intensity, direction and persistence of effort toward attaining a goal". Osborn (2008) attributed motivation to an internal factor, referring it to "forces within an individual that account for the level, direction, and persistence of effort expended at work". According to Williams (2009) motivation is also defined as "The set of forces that initiates directs and makes people persist in their efforts to accomplish a goal". In other words, employee motivation should be a complete combination of employee's needs and expectations that are created at work and the workplace factors that generate employee motivation. Satisfying those factors to increase employee motivation is a huge challenge for every employer. As a result, each leader/manager has to understand his or her employees' requirements, needs or expectations and generate a suitable work environment to motivate them.

The motivation or driving force that energizes employees to do what they do arises from either inside the employees (intrinsic motivation) or from the work environment (extrinsic motivation). Driving employees towards a consistent behavior in a goal-oriented manner is essential for utilizing the full potentials of employees so as to ensure quality output and successful organizational outcomes. However, motivating employees is assumed as the most complex task from all the roles a leader performs. The reason is that what motivates employees' in the workplace changes constantly.

Manning and Curtis, (2009), describes the following nine areas and possible actions to enhance employee motivation:

- 2) Pay and reward systems: Introduce a group bonus
- 3) Job autonomy and discretion: Allow workers to determine their own work methods.
- 4) Support services: Provide services on demand from technical support groups.
- 5) Training: Provides training and development for all employees
- 6) Organizational structure: Reduce the number of hierarchical levels.
- 7) Technical and physical aspects: Break long production and assembly lines into smaller work units.
- 8) Task assignments: Assign whole tasks including preparatory and finishing work.
- 9) Information and feedback: Solicit and utilize direct feedback from users like clients, customers and other departments.
- 10) Interpersonal and group processes: Increase the amount and types of group interaction.

2.2.1 Work-motivation theories

The word motivation is better understood when its theories are explained from historical perspective. Literatures confirm that Maslow, Mayo, Herzberg, McGregor and Vroom have contributed to human understanding of motivation. Their theories are building blocks of the contemporary theories developed later. One of the most influential author in the area of motivation is Abraham Maslow, who attempted to create a large body of study related with human motivation (Huitt, 2011). The researcher will explore five theories of motivation that are based on human needs and identify what motivates people.

I. Maslow's (1943) theory

Maslow's hierarchy of needs is a theory developed by Abraham Maslow is one of the most widely known and discussed theories of motivation. This theory describes that human beings have five sets of needs that are arranged in a hierarchy. Maslow distinguishes the five basic human needs, which are listed in a hierarchy form and each are related with other. All the basic needs are arranged from basic (lowest-earliest) to more complex (highest-latest) human needs. Those needs are physiological needs, safety needs, love/belonging needs, esteem needs and need for self-actualization. So when the lowest need is reasonably well satisfied, the next higher or latest need begins.

1. Physiological needs: These include the need for food, water, shelter and clothing. Until a person has the access to these needs, there can be no further progress. These needs are very basic once these basic needs are satisfied, they no longer motivate. The person will not attempt to obtain another need once physiological needs are fulfilled and will be motivated only by the next higher level of needs. Intrinsic values include personal comfort and satisfaction, while the extrinsic values are most often provided by the organization, the community or society.

2. Safety needs: The second level of needs are important it includes security, stability and a structured environment. At this point, the person expects and pursues job security, suitable work environment, pension and insurance plans, and freedom to organize in order to ensure continuation of these benefits. Individual's main objective is to ensure that benefits are protected or his needs are met. Personal motivation may include the peace of mind that can be provided as a result of these needs being secured.

3. Relationship needs: These are the needs for belonging, love, affection, socialization, companionship and friendship. The person at this level of need participates for personal or intrinsic rewards through fulfilling relationship with others. Since no one can live for extended period time without having an interaction with other people, the person may be drawn to partake simply to satisfy this need. Organizations should support employees by ensuring that the opportunity for social and relationship expectations are created and met in the workplace.

4. Esteem needs: This needs include feelings of adequacy, competence, independence, confidence, appreciation and recognition by others. Once more, the person in this level is more driven by internal or intrinsic needs. The external environment is needed more to offer recognition

than to provide instrumental rewards. Here, the intrinsic value is more important for an individual than that which can be provided by outside influences. The ego seems to take over here and the need is to ensure that it is satisfied.

5. Self-actualization: This area is the most difficult to define and therefore, may be the most difficult to explain. Why does the successful business person need to pursue further wealth when he has already accumulated more than he will ever need? The answer for the question may depend on the fact that motivation is more internal and, therefore, even be more individualistic. Different individuals have different thoughts about what they need to achieve in order to acquire true happiness. For the wealthy person, money may no longer be the motivator; it may now be a need to exercise power or the adventure and adrenalin rush created as a result of playing “high stakes games”. This becomes the intrinsic motivation. Individuals who reach to self-actualization level are more accepting of reality, themselves and others. Organizational requirements may include the opportunity for creativity and growth. Frequently, persons aspiring to this level often function outside existing organizations and instead form their own structures that suit their own needs. In discussing this theory, it appears that the further up the scale to the next higher level of need an individual moves, the more the rewards or motivators move from the external environment to an internal need. It also becomes more challenging to influence motivation of employees since instrumental rewards become less relevant and internal rewards become more difficult to identify and address. So organizations should recognize the individual need and provide opportunities for satisfaction is very important in order to enhance organizational performance.

II. Alderfer’s ERG Theory

Clayton Alderfer in 1969 developed another needs-based theory that supports, in many ways, the theory developed by Maslow, but consists of three rather than five basic needs. Alderfer also states his three hierarchical levels of needs which include existence, relatedness and growth (ERG) needs. The needs are influenced by personal growth, extrinsic and intrinsic rewards.

1. Existence needs: These include needs that are satisfied by material substances or conditions. They relate closely to both the physiological needs identified in theory of Maslow and those safety needs that can be fulfilled by instrumental rewards rather than interpersonal rewards. The needs comprises physiological and safety needs like food, shelter, pay and safe working conditions.

2. Relatedness needs: These are needs that may be satisfied by communication or exchange and interaction with other individuals. There is a dependence on feedback from other organizational or community members to fulfill these needs. Therefore, the motivation is provided by both intrinsic and extrinsic rewards. These rewards include appropriate and honest feedback, which may contain direction and advice rather than unconditional agreement.

3. Growth needs: These are needs that are fulfilled by strong personal involvement that fully utilizes personal skills, abilities and creativity. They include Maslow's self-actualization and esteem needs that rely on intrinsic rewards. Both theories are also similar because they are listed in hierarchical levels of need. Maslow does not address the issue of growth, but has been more concerned with the behavioral consequences of need.

III. McClelland's Three Needs Theory

David McClelland, in 1988, proposed a theory that explains about the three types of motivating needs. This motivational theory states about the need for achievement, need for affiliation and need for power. Basically individual with high need for power are motivated towards influence and control. McClelland contends that people will be motivated to seek out and perform well in jobs that match their needs.

1. Need for achievement: people motivated by need for achievement have a strong desire to perform and achieve challenging tasks well. Their preference is to work in situations where personal responsibility can be taken for successful outcomes. The goals they set provide for moderate and calculated risk, and the individual seeks performance feedback to allow for modification and ensure success.

2. Need for affiliation: Individuals under this category show a need to create and maintain friendly and compatible relationships with others. They have a need to like other persons and want others to like them. Individuals have capability to create social networks that will result in meeting these needs.

3. Need for power: Individuals in this category have a strong need to have influence over others. They desire to make a significant influence and impression on those with whom they come in contact. This need for power corresponds in many ways to Maslow's esteem needs where power is used to get attention or to build personal prestige. Since this theory has no hierarchical level, the

growth pattern between intrinsic and extrinsic rewards that are a major part of the earlier theories, do not appear to contain the same significance.

IV. The motivation-hygiene theory by Herzberg, Mausner and Snyderman (1959)

This theory is also a well-known theory on motivation. According to this theory, people's motivation is influenced by motivators and hygiene-factors. Herzberg labeled the satisfiers motivators, and the factors which dissatisfy the motivation as hygiene factors. Job satisfiers are associated to job content and job dissatisfiers are related to job context. Motivators provide positive satisfaction, while hygiene-factors do not motivate if present, but result in de-motivation if absent. Thus, motivators are recognized as intrinsic factors and hygiene-factors as extrinsic factors.

V. Vroom's Valence/Expectancy Theory

Victor Vroom's expectancy theory is one of the most widely accepted explanations in theory of motivation. Vroom proposed his expectancy theory in 1964 as an alternative to the content models. Vroom explained that motivation is a product of three factors; Valence (how much reward one wants), Expectancy (one's estimate of the probability that effort will result in successful performance) and Instrumentality (one's estimate that performance will result in receiving the reward).

Valence is the strength of a person's preference for a specific result. It is the personal value that employees place on the rewards they believe and will receive for performance. When valence is high, motivation is also high. Expectancy refers to a person's perception of the possibility that effort will lead to performance. Instrumentality is individual's perception of the possibility that certain results are attached to performance. Thus a person is motivated by the perceived reward available to him for accomplishing a goal.

The testing of these diverse theories has resulted in some conclusions that help us identify the strengths and limitations of each approach. Even though Maslow's theory is complicated and comprises more steps than the others, there is recognition of the progression from one level to the next. Alderfer's three levels seem to be simpler, less rigid and, therefore, may be more satisfactory to those who wish to understand and apply a model to individual behavior. Herzberg described extrinsic motivators such as benefits and salary as hygiene factors whereas intrinsically oriented ones such as challenging work and greater responsibilities as motivators. Vroom in his theory criticized Herzberg's two-factor theory as being too dependent on the content and context of the

work roles of workers and offered an expectancy approach to the study of motivation. Furthermore, this theory argues that the strength of a tendency to act in a precise way rely on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual to make this simple. Vroom suggested that employees voluntarily choose for one behavior over another if they believe that this behavior will result in a desired outcome. The application of any theory of motivation has strengths and weaknesses that allow insight into individual motivation. All theories contribute to a better understanding of human behavior in general, but specific application of theory depends on factors that respond to individual needs. It is because of the complexity of motivation and the fact that there is no single answer to what motivates people to work well that these different theories are important for the managers to guide them. They all show that there are several motives, which influence the behavior and performance of human beings.

2.3 Leadership and motivation

In today's competitive work environment, managers should equip themselves with leadership orientation and knowledge of employee behaviors because of the following reasons. Doing business in a competitive environment, regardless of the fields of production or services, requires leaders to have a clear vision and direction to maintain and develop the company. To reach success in business the key factors are leadership skills, environmental impacts and, most importantly, human resources.

According to David (2014) organizational life today is often a complex social environment of confrontation, miscommunication, manipulation, hostility and conflict. So much of what takes place in almost all businesses is grounded in the interrelationships of its members and all human relationships have problems. These interactions involve the work that is to be done, the objectives that are set and the decisions that are to be made. Without effective leadership, members of an organization often quickly degenerate into arguments and conflicts, because they individually see things in different ways and lean toward different solutions. Even though it may be difficult to exactly define leadership, it is essential to have a better understanding of what it means if anyone is trying to learn how to become a leader or a more effective leader. However leadership is defined; a leader is someone who has developed a group of followers. Actually, persons tend to be attracted to leaders whose values are more similar to their own. Becoming a leader means having the

capacity and will to pursue a path that builds competency and capacity. The path, though, is not an easy one that is quickly mastered. This could be a function of the task required, the organization's culture, the leader's followers and the attributes of the leader himself/herself.

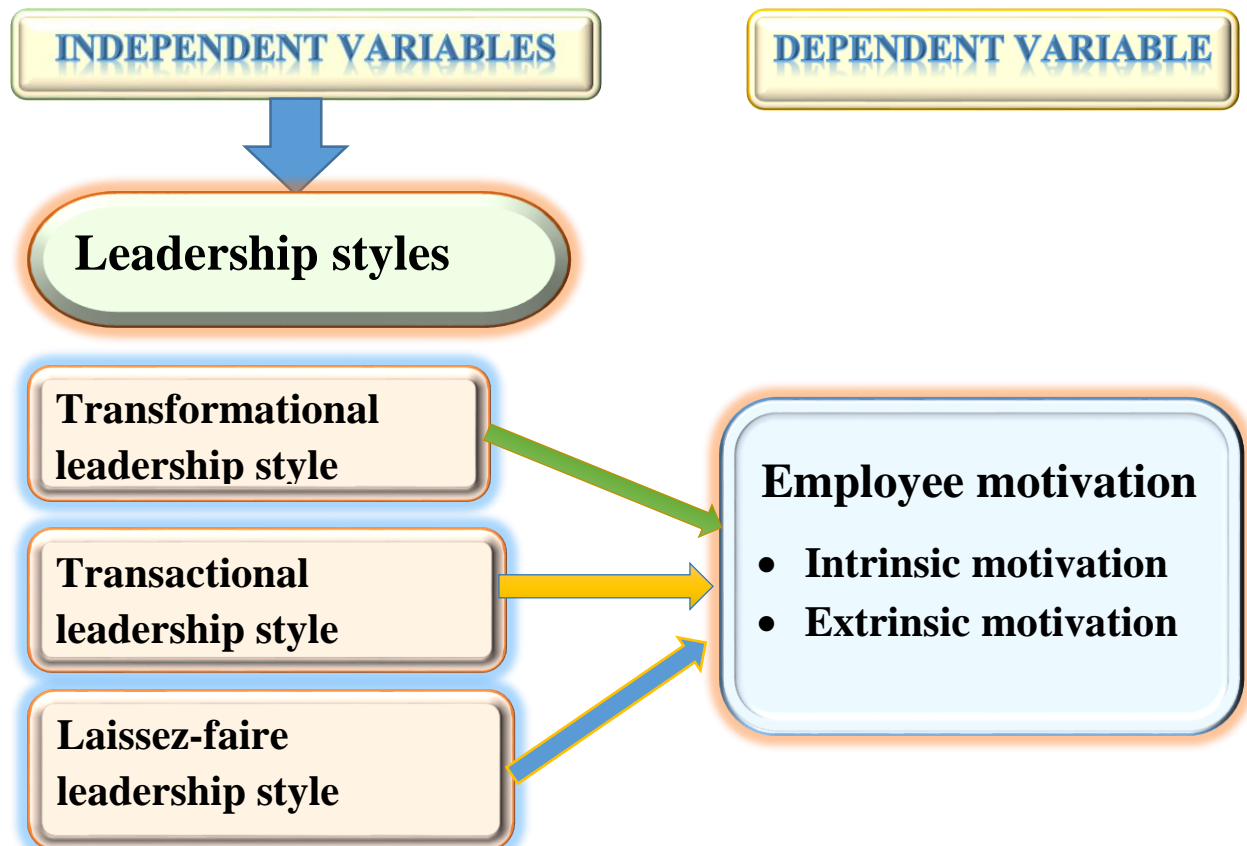
A leader is the key person to the success or failure of an institution or even an entire nation. In the study done by Bernard M. Bass (1999), the great author in leadership, 45% to 65% of the overall factors of success or failure is based on the leaders. Moreover, the styles of the leader have effect on the employees' behavior and on the adoption of the strategies of the institution. Leadership is a process between a leader and his subordinates. The process involves mentoring, coaching, inspiring and motivating employees and involves social influence, occurs at several levels in an organization. This type of leaders also build teams, create cohesion and resolve conflicts at the group level with in the workplace. Leadership focuses on goal accomplishment. Leadership is about taking individuals beyond what they are capable of and creating jobs, roles, relationships and environment. So that they can excel in work that uses and extends their talents and about which they feel passionate.

The success of every organization depends on its employees' drive to thrive through their efforts, commitment, engagement, practice and persistence. Motivation is an important issue because the ability of a leader to motivate employees is one of the critical duty or job in leadership competencies (Lussier, 2013). Leadership starts with the initial effort to recruit a new employee, proceeds through the entire induction process and lasts every day until the employee leaves the organization. This process is cultivated by a manager/leader motivating new employees and it highlights, once again, the importance of leadership to an organization. The most influential element of employee motivation is based on the quality of a manager's relationship with an employee. It creates positive and respectful attitude and employees will more likely to apply a similar approach with their coworkers and enjoy work. It is clear that the leadership styles that are adopted by the organization and its management will have a determining effect on employees' motivation level, morale and job satisfaction. However, the relationship between the leadership style that is used within the organization and the level of motivation within the staff is a topic of much debate within businesses. Based on the discussions relating with motivation, it is evident that human beings are very complex and made up of a number of characters. It is in this regard that the study seeks to note the theories related with employee work motivation.

2.4 Conceptual Framework

The following conceptual model is framed to summarize the main focus and scope of this study in terms of dependent and independent variables included and the various aspects under study can be conceptualized as being in association as presented in figure 2.1 below.

Figure 2-1 Conceptual Framework



Source: Adopted from Bass & Stogdill (1990) with modification.

2.5 Hypothesis of the study

Kothari (2004), defined hypothesis as a logical conjectured relationship between two or more variables expressed in the form of testable statements. For the purpose of this study, the following three hypotheses are formulated based on previous research findings and from literatures. Therefore, the overall effect of leadership styles on employees' motivation can be best described by the following hypotheses:

Hypothesis 1:- Transformational leadership style/practice has significant and positive effect on employees' motivation.

Hypothesis 2:- Transactional leadership style/practice has significant and positive effect on employees' motivation.

Hypothesis 3:- Laissez-faire leadership style/practice has significant and positive effect on employees' motivation.

CHAPTER THREE METHODOLOGY

3.1 Introduction

This chapter describes the execution of the study to help achieve the study objectives which include, research methodology and techniques that used to conduct the study. It illustrate an overview of the study area where the research is conducted, the research design, the population and sampling design, the sampling technique and the sample size, the data sources and types. Furthermore, description of the data collection instrument and procedure, reliability and validity of instruments, data analysis and presentation and finally the ethical considerations were presented in the course of the research.

3.2 Description of the Study Area

After five years of construction period, Capital Hotel and Spa began operation on May 10, 2013 in Addis Ababa, Ethiopia. The hotel is owned by an Ethiopian investor, Yemane Gebreselassie, who is also the owner of Hosea Trading House private limited company, one of the upper echelon companies engaged in the import and distribution of Steel Products, Automotive Products, Machinery and Equipment's and related after-sales services in Ethiopia as well as export of Agricultural commodities to international customers.

The Capital Hotel and Spa, A conference resort is one of the few finest Five Star Hotels in the capital city of Addis Ababa-Ethiopia. It is located 22 Mazzoria Haile G/Selassie Avenue, Next to Ministry of Water and Energy, Addis Ababa, Ethiopia and just minutes away from Bole International Airport. At the beginning Capital Hotel employees were about 225 permanent staff. Currently the hotel has 165 female and 151 male totaling 316 employees. The hotel has 114 rooms of suite, twin standard, king superior & king standard types. There are also special guest rooms suitable for those guests with special needs. The Hotel is well known and specialized in the Conference Resort. It also has many conference rooms, dining rooms, sport bar, restaurants, Ethiopian Cultural Restaurant along with cultural music and dance performance, Spa, Gym and swimming pool and Hotel and Management College.

Capital Hotel and Spa is one of the hotels acknowledged by the United Nation Department of Safety and Security (UNDSS) for safety and security of its honored guests. The hotel is certified by the only global, independent hotel safety and security Certification Company based in Sweden, as a Safest & Secure Five Star Hotel in Addis Ababa, Ethiopia: It is also certified by the American Safe Hotels Company as a Safest & Secured Five Star Hotel in Addis Ababa. Furthermore, Capital Hotel and Spa has become the first independent hotel in Ethiopia to achieve the Green Key award and recognized for its sustainability efforts in November 2019.

3.3 Research Approach and Design

The choice of a research approach is determined by a combination of many factors including the research problem itself, objectives of the study, resource availability and personal experiences of the researcher (Creswell, 2009). To achieve the objectives of the study, the research analysis is supported by quantitative approach to see the regression result analysis and empirical literatures on the effects of leadership styles on employees' motivation. Regarding research design, the study applied descriptive and explanatory research designs. Descriptive study design allows the researcher to gather information, summarize, present data and interpret it for the purpose of clarification, Cresswell, (2003). In descriptive research, the essential focus is to describe specific views or opinions and to examine the relationships and variations in the relevant variables by studying a large sample of the population, Lee and Ling, (2008). Explanatory study also help the researcher to assess the cause and effect relationship between variables and also to test hypothesis. So both research designs used to identify the characteristics of the observed phenomenon and explore possible correlations among two or more phenomena. Accordingly these designs are more relevant than the others to test the formulated hypotheses for the study.

3.4 Sampling Design

3.4.1 Target Population

Population can be defined as a collective term used to describe the total quantity of cases of the type which are the subject of the study. It can consist of objects, people and even events, Walliman, (2011). The target population for this study has been all employees currently working at Capital Hotel and Spa from various departments. The researcher then excluded top level managements and the spa department employees because of the pandemic corona virus they are forced to be under lockdown due to their high guest contact. Therefore the target population constitutes a total

population of 258 employees. The target population combines the different departments in the hotel and generally known as operational and functional departments. Under operational departments there are those which include front office, food and beverage service, housekeeping and food production departments. Under functional departments there are main departments like human resource, finance and purchasing, marketing, engineering and maintenance, among others.

3.4.2 Sampling techniques

Williams (1997) stated that it is necessary to select a subset of the elements from the population under consideration to make the study more manageable. To get a representative sample the sampling technique for this study was stratified random sampling technique. According to Ghauri and Gronhaug (2010, p. 143), the parent population is divided into a mutually exclusive and exhaustive subsets and a simple random sample of units is taken independently from each subset. A stratified random sampling technique was used in order to obtain representatives from each group. It has relative advantages to collect relevant and detailed information from respondents who can share their experiences and insights to the study due to their involvement in providing and facilitating the appropriate services. Accordingly, the population was stratified by dividing into departments and participants from each stratum were then selected randomly.

3.4.3 Sample size

The researcher used Yemane's formula (1967), in order to determine the sample size of the population. According to Capital Hotel and Spa the total number of employees are 258. From these the researcher took 156 employees by using the formula with a confidence level of 95%.

$$n = \frac{N}{1 + N(e^2)} = \frac{258}{1 + 258(0.05^2)} = \frac{258}{1.645} = 156$$

Where:

n= corrected sample size,

N = population size, and

e = Margin of error (MoE), e = 0.05 based on this study.

Table 3-1 Tabular View of Sampling plan and Sampling Frame

No	Departments	Target population	Sampling Fraction I=M(Ni/P)	Sample size representa tion	% sample represent ation
1	Food & beverage service department	56	156(56/258)	34	21.8
2	Front office department	49	156(49/258)	30	19.23
3	Housekeeping and laundry department	42	156(42/258)	26	16.66
4	Food production department	39	156(39/258)	23	14.74
5	Functional departments	72	156(72/258)	43	27.56
Total		258	156(258/258)	156	100

Source: From human resource office of Capital Hotel and Spa June, 2020

3.5 Source of Data

The researcher used both primary and secondary data in order to get a full picture of the present situations under study. As the study mainly focuses on human aspect, primary data was the main source of data for this study. The primary source of data was collected by questionnaire from Capital Hotel and Spa employees. Secondary data was obtained from different documents of the hotel and related literatures such as desktop researches, books, articles, journals and a variety of websites as well as other optional sources of the proposed study.

3.6 Instruments and method of data collection

In order to secure reliable and adequate data, one basic instrument was used to prevent possible misunderstanding and misinterpretation on the parts of the respondents. That was questionnaire method, the data of this research were obtained by means of questionnaire. Questionnaire has been used as data collection instrument because of its appropriateness to obtain relevant data from large population within a short period of time. In developing the question items, the researcher adopted the Multi factor Leadership Questionnaire (MLQ) developed by Avolio and Bass (1995, 2000 and 2004) and modified the questions from previous researches to fit the context of the study. The questionnaire presented questions in Close-ended forms to allow the respondents to give a fixed responses to the questions. Also partially open-ended questions were used to allow the respondents

to provide answers additional to those of the fixed questions. The questions have been designed to have sections of demographic features to obtain personal data about the respondents. The researcher also developed few questions based on the problems identified in problem statement and to deal with questions to help answer the research questions. The questions required respondents to indicate their level of agreement to the items in the research model. Responses measured with a five-point scale rating, where 1= Not at all, 2= Small Extent, 3= Moderate Extent, 4= Great Extent 5= Very Great Extent.

3.7 Pilot Test of Research Instruments

The researcher followed different procedures while conducting pilot test in order to increase reliability of the responses obtained from the respondents. According to Hazzi and Maldaon (2015), a reasonable number for conducting a pilot study commonly from 10% to 20% of the main sample size. Then, Pre-test was conducted before the main survey by taking 15 respondents from the main sample size and 3 respondents from each department. The Preliminary study helped the researcher review the questionnaire by eliminating possible shortcomings based on the feedbacks. Finally the amended questionnaire was distributed to the target respondent of the study.

3.8 Validity and Reliability

3.8.1 Validity

The findings of a study take acceptance from its validity and reliability. According to Heale & Twycross (2015), validity is the degree to which a concept is accurately measured in a quantitative study. Validity is the extent, to which data accurately reflects what it is meant to reflect or measure what it is supposed to measure. Accordingly, the questionnaire has been developed on the basis of previous studies and review of related literatures and standard questions in order to increase its validity. Besides, the researcher discussed the questionnaire with the advisor before it was distributed to seek opinion about the adequacy and representativeness of the instrument and to ensure it covered all the variables which needed to be measured as a way of improving content validity. A pilot study is expedient when it comes to validity and reliability and ensures that the instrument is pre-tested before the final administration. So pilot testing was conducted as stated in the above paragraph to improve the quality of the research instrument, thus increasing its validity.

3.8.2 Reliability

According to (Cerri, 2012) reliability test is used to assess consistency in measuring questionnaire items. Reliability also can be described as the consistency or dependability of a measurement technique and it is concerned with the stability of the score obtained from a measure or assessment over time and across settings or conditions. The reliability and internal consistency were measured by using Alpha coefficient. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are correlated to one another. It measures the inter-correlations among test items which in the study means leadership styles with employees' motivation. The reliability of an instrument is defined as the consistency of the instrument in picking the needed data. For confirming reliability of the questionnaire the criteria of Cronbach's alpha for establishing the internal consistency reliability is used. According to Pallant (2005), the Cronbach's alpha coefficient of scales should be at least 0.70, but the higher it is the better it will be.

The overall value of Cronbach alphas for this study is 0.952 for all scale variables and the data collected from respondents was reliable and consistent with the scale. In simple term the result has confirmed the reliability and consistency of the questionnaire. A summary of the reliability statistics of the data from the SPSS is presented below:

Table 3-2 Measurement of Reliability Analysis

S.N	Instrument Dimension	Cronbach's alpha	No. of Items
1	Transformational leadership style	0.906	13
2	Transactional leadership style	0.899	12
3	Laissez-faire leadership style	0.743	6
4	Employees' motivation	0.921	14
Overall		0.952	45

Source: survey data, computed in SPSS, 2020

3.9 Model of Specification

This study employed linear regression models which would capture the effect of leadership styles on employees' motivation in Capital Hotel and Spa. The model mainly focused on analyzing the independent variables of leadership styles which are transformational, transactional and laissez-faire and employees' motivation as the dependent variable. The purpose of using multiple regression model for this study was to establish the statistical significance of the independent variables on the dependent variable.

The regression model used was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where: Y = Employees' motivation of Capital Hotel and Spa.

β_0 = Constant Term (value of employees' motivation (Y) when (X1, X2 and X3) leadership styles = 0)

β_1 = Regression coefficient for level of transformational leadership style

X1 = transformational leadership style

β_2 = Regression coefficient for level of transactional leadership style

X2 = transactional leadership style

β_3 = Regression coefficient for level of laissez-faire leadership style

X3 = laissez-faire leadership style

ϵ = error term which captures the unexplained variation in the model

3.10 Data Presentation and analysis methods

The data gathered from the questionnaire was verified, coded and checked to ensure completeness, consistency and accuracy of responses. The quantitative data obtained from the respondents was entered, processed and analyzed by using Statistical Package for Social Sciences (SPSS) software tool version 24. Two statistical techniques were used to analyze the collected data. Descriptive statistic like mean, percentage, standard deviation and frequency used to calculate summations,

averages and percentages of the data. Inferential statistics that included correlations, regression, and repeated measures of ANOVA (Analysis of Variance) are clearly presented in chapter four. The collected data has been presented in table and percentage and a summary description has been drawn to explain their implications of the data collected. From those, appropriate conclusions and recommendations were made from the findings of the research.

3.11 Ethical consideration

In the process of data collection the help and co-operation of the respondents have been very much important. So due care was made to make this study ethically sound. Concerns relating with the ethical conduct of research such as informed consent, confidentiality, privacy and anonymity of the respondents were upheld. Before data collection, permission was obtained from the management body of the hotel through formal letter. After permission from the management of the hotel respondents were informed about the purpose of the study and they had the right to refuse filling the questionnaires. A cover letter was attached to the questionnaire to introduce the respondents to the research topic to avoid any doubt respondents might have about the study and to show them how to fill the questionnaire. Additionally, in the analysis of the data collected the researcher was ethical and honest in not including any fictitious data in the analysis. All information gathered was used for the sole purpose of this research.

CHAPTER FOUR

DATA ANALYSIS, RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the data found on the effect of leadership styles on employees' motivation in the case of Capital Hotel and Spa. The analysis was made by categorizing the data into two parts. The first part deals with the background information of respondents which includes sex, educational background, work experience and work unit with tabular presentations along with their immediate interpretations. The second part deals with the analysis of the data gathered from the questionnaire and secondary sources with their implications for the study. In addition to this, the findings were analyzed and presented by using statistical methods which included a descriptive analysis, a correlation analysis and a regression analysis through SPSS version 24 computer software program.

4.2 Response Rate

The study targeted 156 respondents in collecting the data. Out of these respondents, 139 questionnaire was properly filled and collected. As rule of thumb, most researchers look for a response rate $\geq 70\%$ (Rubinfeld, 2004). The result of the overall response rate for this study was 89.1 percent which is acceptable for data analysis and discussion of the study.

Table 4.1 Response Rate

Sample size	Questionnaire response status	Frequency	Percentage
Distributed 156	Returned	139	89.1
	Not returned	17	10.9

Source: Survey data, 2020

4.3 Respondents' Personal Information

The personal data of the respondents in terms of sex, age, educational background, work experience, and work unit is presented below:

Table 4.2 Demographic characteristics of respondents

	Demographic Variables	Category	N° of Respondents	%
1)	Sex	<i>Female</i>	83	59.7
		<i>Male</i>	56	40.3
		Total	139	100
2)	Age	<i>18-25</i>	19	13.7
		<i>26-35</i>	65	46.8
		<i>36-50</i>	51	36.7
		<i>Above 50</i>	4	2.9
		Total	139	100
3)	Educational background	<i>Certificate</i>	9	6.5
		<i>Level / Diploma</i>	80	57.6
		<i>Degree</i>	45	32.4
		<i>Masters and above</i>	5	3.6
		Total	139	100
4)	Work Experience	<i>Below 1 year</i>	11	7.9
		<i>1-5 year</i>	62	44.6
		<i>Above 5 year</i>	66	47.5
		Total	139	100
5)	Work unit	<i>Food and Beverage service Department</i>	30	21.6
		<i>Front Office Department</i>	27	19.4
		<i>Housekeeping Department</i>	24	17.3
		<i>Food production department</i>	19	13.7
		<i>Functional departments</i>	39	28.1
		Total	139	100

Source; Survey data, 2020

Based on the collected questionnaire table 4.2 shows that, 83 (59.7%) of the respondents were females and 56 (40.3 %) were male. It clearly indicates that the majority of the respondents were composed of female, while number of male respondents was relatively lower. This study implies that the respondents were relatively well represented in this research and the total population was free from bias in terms of sex.

As the above table shows the age ranges of 65 and 51 of the total respondents are between 26-35 and 36-50 years old. This means 46.8% and 36.7% of the total respondents respectively. The remaining 19 respondent are aged between 18 and 25 years (13.7%) followed by those in the age group of above 50 at 4 (2.9%) of the total. This indicates that most of the hotel employees are under the age category which is commonly identified as young and productive age group. Most people who have ages that lie between 26 and 35 years are energetic, easily adaptable to cope up with new technology and capable of taking responsibility. Having a group of employees that fall in the most active and energetic age group will likely to help the organization and give better services to customers.

With regarding to Educational Background, 80 (57.6%) or more than half of the participants are diploma holders. About 45 (32.4%) are first degree holders followed by 9 (6.5%) who have certificates. Those with master's degree and above are only 5 (3.6%) of the total respondents. Assessing the educational levels of the respondents was necessary for the study as it could help to determine the level of understanding of the respondents about the leadership styles and their effect on employee motivation of the hotel. The findings showed that respondents were eligible to fill the questionnaires, which in turn ensured the acceptability of the data reliability.

Regarding the experiences of the respondents, 66 (47.5%) worked for above 5 years, 62 (44.6%) worked for 1 to 5 years and the remaining 11 (7.9%) worked for less than 1 year. This indicates that almost all the employees are well experienced and spent enough time in the hotel activities which is a function of the service capacity.

Concerning their work unit, most of the respondents are operational level workers which includes food and beverage service, front office, housekeeping and food production departments and their numbers are 30 (21.6%), 27 (19.4%), 24 (17.3%) and 19 (13.7%) respectively. The remaining 39 (28.1%) of the respondents are from functional departments. The findings indicate that the targeted work units were represented in the study and most respondents were in positions to give very fair assessment of their motivations and the leadership style of their manager.

4.4 Descriptive analysis of leadership styles

This section presents the analysis of leadership styles obtained from the results. Among the different leadership styles the three main types, namely transformational, transactional and laissez-faire leadership have been studied. Interpretation of the data and findings in the following discussion produced the mean score and standard deviation of the responses of respondents on the exhibited leadership styles in Capital Hotel and Spa. The questions were scaled by using a five point Likert scale in which 1= Not at all, 2= Small Extent, 3 = Moderate Extent, 4 = Great Extent, 5 = Very Great Extent to rate the exhibited leadership styles. The descriptive statistics for the analysis were applied and the means recorded were interpreted as follows: 1-1.49 = Not at all; 1.5-2.49 = Small Extent; 2.5-3.49 = Moderate Extent; 3.5-4.49 = Great Extent; 4.5-5.0 = Very Great Extent (Lady, 2016).

4.4.1 Transformational leadership style

The study sought to determine the state of transformational leadership practices in the Capital Hotel and Spa. The research findings obtained from the questionnaire are presented in table 4.3 below:

Table 4.3 Transformational leadership practices

Transformational leadership style	No.	Mean	Std. Deviation
Makes others feel good to be around him or her	139	3.85	.751
Set challenging standards	139	3.70	.786
Encourages employees to be creative about their job	139	3.61	.856
Spends time training and coaching subordinates	139	3.78	.769
Gives the right amount of support and guidance to make the employee productive	139	3.75	.733
Provides appealing images about what we can do	139	3.44	.986
Let's others know how he /she thinks we are doing	139	3.83	.761
Makes me self-driven to perform my work	139	3.24	1.284
Recognizes contributions by showing appreciation for individual excellence	139	3.68	.862
Fosters collaboration by building trust and facilitating relationships	139	3.73	.873
Makes employees have active roles in formulating plans for themselves, their team and the company as a whole	139	3.64	.808
Always creates change in the working environment	139	3.77	.837
Talks optimistically about the future	139	3.73	.875
Over all transformational leadership style	139	3.6730	0.86010

Source: Survey data, computed in SPSS, 2020

The survey result in the above table 4.3 shows that an overall mean and standard deviation of **M=3.6730 SD= 0.86010** represented that transformational leadership style was practiced to a large extent in Capital Hotel and Spa. The above table demonstrated that, the statement, my manager makes others feel good to be around him or her was found to be significant with a mean and standard deviation of M= 3.85, SD= 0.751. Respondents also showed their response at a moderate extent for the following statements. Manager of respondents provides appealing images about what they can do as shown by the mean score of M= 3.44, SD= 0.986. Respondents manager makes them self-driven to perform their work as shown by the mean score of M= 3.24, SD= 1.284. In general, the descriptive analysis showed comparatively a high standard deviation spread ranging from 0.733 to 1.284. It indicates that respondents were more varied in their opinions to the responses given under transformational leadership style or practice.

Bass and Avolio (1997) suggest that the most effective leadership mean scores should be greater than or equal to 3.0. The study has shown that the transformational leadership style in the hotel expressed with mean score of M=3.6730 SD= 0.86010. This indicated a high mean as suggested by Bass and Avolio. Motivating and raising the morals of both the leader and the followers is the activity of transformational leadership. Such leaders pay great attention to the needs and interests of those whom they lead. They attempt to support their subordinates to reach their fullest potential (Bass, 1997; Northouse, 2013; Bass and Riggio, 2006). Hence, the finding agrees with the above statement in the literature.

4.4.2 Transactional leadership style

The study attempted to establish the state of transactional leadership style practices in Capital Hotel and Spa. The results are shown in table 4.4 below:

Table 4.4 Transactional leadership style

Transactional leadership style	No.	Mean	Std. Deviation
Enforcement of punishment for those employees who against the rules and policy of the company	139	3.86	.763
Provides recognition/rewards when others reach their goals.	139	3.81	.731
Tells us the standards we have to know to carry out our work	139	3.68	.933
Firm gives appreciation to their employees in the form of good rewards system, promotion of position and so on	139	3.69	.858
Monitors progress towards goal achievement only	139	3.92	.723
Tell others what to do if they want to be rewarded for their work	139	3.87	.760
Will take action before problems are chronic	139	3.59	1.013
Makes clear expectation	139	3.69	.962
Do not try to change anything as long as things are working well	139	3.72	.852
Needs to control every activity	139	3.78	.883
Monitor the schedule to ensure a task or project will be completed in time	139	3.54	.987
Focuses more on punishment for mistakes	139	3.76	.999
Over all transactional leadership style	139	3.7425	0.872

Source: Survey data, computed in SPSS, 2020

The findings in the above table 4.4 indicate that with regard to transactional leadership style practiced in Capital Hotel and Spa the result was found to be very significant as shown by an overall mean and standard deviation of **M=3.7425 SD= 0.872**. As presented in the table, respondents believed their manager monitors progress towards goal achievement only was exhibited at great extent with the highest mean shown by the ratings with a mean and standard deviation of M= 3.92, SD= 0.723. Respondents also showed their response at a great extent to the remaining statements as can be seen from the above table. Moreover, the descriptive analysis

presented that a high standard deviation range from 0.723 to 1.013. It implies that respondents were more varied in their views to the responses specified under transactional leadership style or practice.

Transactional leadership style to be effective its mean score should not be less than 2.5 as suggested by Bass and Avolio (1995 and 2004). The study has shown that the transactional leadership style in the hotel expressed with mean score of $M=3.7425$ $SD= 0.872$. Therefore, the mean score exceeds the minimum requirement set by the above mentioned authors and clearly indicates that transactional leadership style is effective in Capital Hotel and Spa. Hence, punishment and reward are used as a leadership style by the managers to manage the activities to be done by the employee of the hotel. This finding is also consistent with previous studies done by Higgins (1994) that transactional leadership is a type of leadership in which the leader exchanges something of his or her values for something valued by followers.

4.4.3 Laissez-faire leadership style

The study tried to establish the state of Laissez-faire leadership style practices in Capital Hotel and Spa. The responses from respondents are presented in table 4.5 below:

Table 4.5 Laissez-faire leadership style

Laissez-faire leadership style	No.	Mean	Std. Deviation
Avoids getting involved when important issues arise	139	2.59	.931
Always absent when he is highly needed	139	2.61	.897
Mostly avoids making decisions	139	2.55	.886
Delays responding to urgent questions	139	2.42	.908
Gives us complete freedom to make decision in our respective jobs	139	2.50	.888
In most situations I prefer limited input from my manager	139	2.53	.919
Over all laissez-faire leadership style	139	2.5333	0.904

Survey data, computed in SPSS, 2020

As shown in the above table 4.5, an overall mean and standard deviation of **M=2.5333 SD= 0.904** were recorded indicating that laissez-faire leadership style practice is applied moderately in the Hotel. As indicated from the table, respondents showed their response to the statement that my manager always absent when he is highly needed was shown at a moderate extent with the highest mean shown by the ratings with a mean and standard deviation of M= 2.61, SD= 0.897. Respondents also observed that their manager delay responding to urgent questions at a small extent as shown by a mean score of M= 2.42, SD= 0.908. Furthermore, the descriptive analysis indicates a little bit high standard deviation range from 0.886 to 0.931. It infers that respondents were less varied in their opinions to the responses given for laissez-faire leadership style or practice.

The findings show that the managers of the hotel avoid giving chances for employees to exercise their full potentials, responsibilities and obligations by leaving them alone. Thus, the leaders or department managers do not allow employees to have a freedom for decision making process. Several researchers stated that the laissez fair leadership style is the slightest satisfying and slightest effective style of leadership. That is because these leadership behaviors are accompanied by little sense of accomplishment, little clarity, little sense of group unity, and followers do not hold as much respect for their supervisors (Trottieret al., 2008; Lok & Crawford, 2009).

4.5 Descriptive Analysis of Employee Motivation

The data analysis for this section helps to identify how leadership styles contribute to the employees' motivation in Capital Hotel and Spa. The analysis of the employees' motivation was assessed by using means and standard deviations from the results. The results of the means were interpreted based on: 1-1.49 = Very Low; 1.5-2.49 = Low; 2.5-3.49 = Moderate; 3.5-4.49 = High; 4.5-5.0 = Very high.

Table 4.6: Employees' Motivation

Employees' motivation	No.	Mean	Std. Deviation
These days I feel motivated to work as hard as I can	139	3.56	.852
I feel free to ask advice/support from my manager.	139	3.78	.843
This organization gives me high moral to work.	139	3.40	1.068
I am willing to make a greater effort than expected to contribute to the success of the organization.	139	3.66	.881
Most days, I see positive results because of my work.	139	3.57	.941
My motivation in work is associated with Salary increment, bonuses and incentives	139	3.55	.972
Individual praise and recognition from my manager motivates me	139	3.45	1.023
I feel that workplace training and education opportunities motivates me to work	139	3.74	.854
Good working atmosphere and good physical working conditions motivates me to work	139	3.75	.902
I do things without being asked or told	139	3.64	.909
I am satisfied with the benefits I receive	139	3.77	.871
I feel that my job receives enough attention from my manager	139	3.73	.960
I have freedom to try new methods of doing in my job	139	3.34	.975
Company rules and procedures are conducive for work	139	3.72	.917
Overall employees' motivation	139	3.6185	0.92628

Source: Survey data, computed in SPSS, 2020

On establishing the respondents level of agreement with statements relating to employees' motivation, it was found that the motivation of Capital Hotel and Spa employee is high as shown in the above table and by an overall mean and standard deviation of **M=3.6185 SD= 0.92628**. The statement that I feel free to ask advice/support from my manager indicated the highest mean at a great extent by the ratings with a mean and standard deviation of M= 3.78, SD= 0.843. Respondents also showed their response at a moderate extent regarding the following statements. The organization gives respondents high moral to work as shown by a mean score of M= 3.40, SD= 1.068 and freedom to try new methods of doing in their job as shown by a mean score of M= 3.34, SD= 0.975. In general, the descriptive analysis showed a high standard deviation spread ranging from 0.843 to 1.068. It indicates that respondents were more varied in their opinion to the responses given for the level of employee motivation.

The study results show that in general, the respondents are highly motivated in their work and influenced by both intrinsic and extrinsic motivation. Employees perform activities by their own initiatives or for physical incentives. A combination of both is the most powerful way to advance the motivation level of employees. The findings are consistent with the study of Barrick, Thurgood, Smith, and Courtright (2014), who concluded that responsibilities, relationships, rewards, and reasons all affect employees' motivation. When employees have responsibilities for important tasks of values that will help them develop their skills and improve satisfaction. They are more likely to accomplish the given tasks. Relationships that employees have with their managers, customers and colleagues can also affect the degree of motivation an employee exhibits in the workplace. Employees may also be motivated when they receive recognition and monetary rewards for the efforts they have shown. Finally, employee trust is a reason that he or she is taken seriously. He or she considers that he or she is the main contributors for the success of the organization.

4.6 Correlation Analysis

Correlation analysis is used to see whether there is significant relations exist between independent and dependent variable. Therefore, the correlation analysis was made to see the association between leadership styles and employees' motivation of the Hotel by using Pearson's product moment correlation coefficient "r". Accordingly the degree of correlation for this study were determined by "Evans (1996) suggests that the absolute value of linear correlation coefficient (r)", as cited in (Beldjazia and Alatou, 2016). "If $r = 0.00-0.19$ it will be very weak, $r = 0.20-0.39$ it will be weak, $r = 0.40-0.59$ it will be moderate, $r = 0.60-0.79$ it will be strong and $r = 0.80-1.0$ –it will be very strong".

Table 4.7 below shows the computed Pearson correlation coefficients of the relationship between the three leadership styles, namely transformational, transactional and laissez-faire and employees' motivation. Pearson correlation is computed in the table below.

Table 4.7 Correlation coefficients between dependent and independent variables

		Employees' motivation	Transformational	Transactional	Laissez-faire
Employees' motivation	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	139			
Transformational	Pearson Correlation	.850**	1		
	Sig. (2-tailed)	.000			
	N	139	139		
Transactional	Pearson Correlation	.749**	.746**	1	
	Sig. (2-tailed)	.000	.000		
	N	139	139	139	
Laissez-faire	Pearson Correlation	.339*	.155	.178	1
	Sig. (2-tailed)	.001	.069	.036	
	N	139	139	139	139
** <i>. Correlation is significant at the 0.01 level (2-tailed).</i>					
* <i>. Correlation is significant at the 0.05 level (2-tailed).</i>					

Source: Survey data, computed in SPSS, 2020

Table 4.7 presents the outcomes of the correlation matrix which indicates the relationship between the overall leadership styles and employees' motivation. Based on the outcomes the results indicated that unlike the remaining two leadership styles there is a very strong positive and statistically significant correlation between transformational leadership style and employees' motivation ($r=0.850$, $p<0.01$). Transactional leadership style has a relatively strong positive and significant correlation with employees' motivation ($r=0.749$, $p<0.01$). On the other hand, laissez-faire leadership style has a weak positive and significant correlation with employees' motivation ($r=0.339$, $p<0.05$).

In general, the correlation results indicate that only laissez-faire leadership style has a weak positive correlation but the transformational and transactional leadership styles have strong and positive correlation with employees' motivation in Capital Hotel and Spa. Also transformational and transactional leadership are statistically significant with each other.

4.7 Multiple Regression Analysis

Regression analysis allows predicting variables based on other variables and shows to what extent dependent variables are influenced by independent variables. This means regression shows how dependent variable change when independent variable increase or decrease. In order to find out these results the effects of each leadership styles, namely transformational, transactional and laissez-faire on employees' motivation have been regressed using multiple regression model.

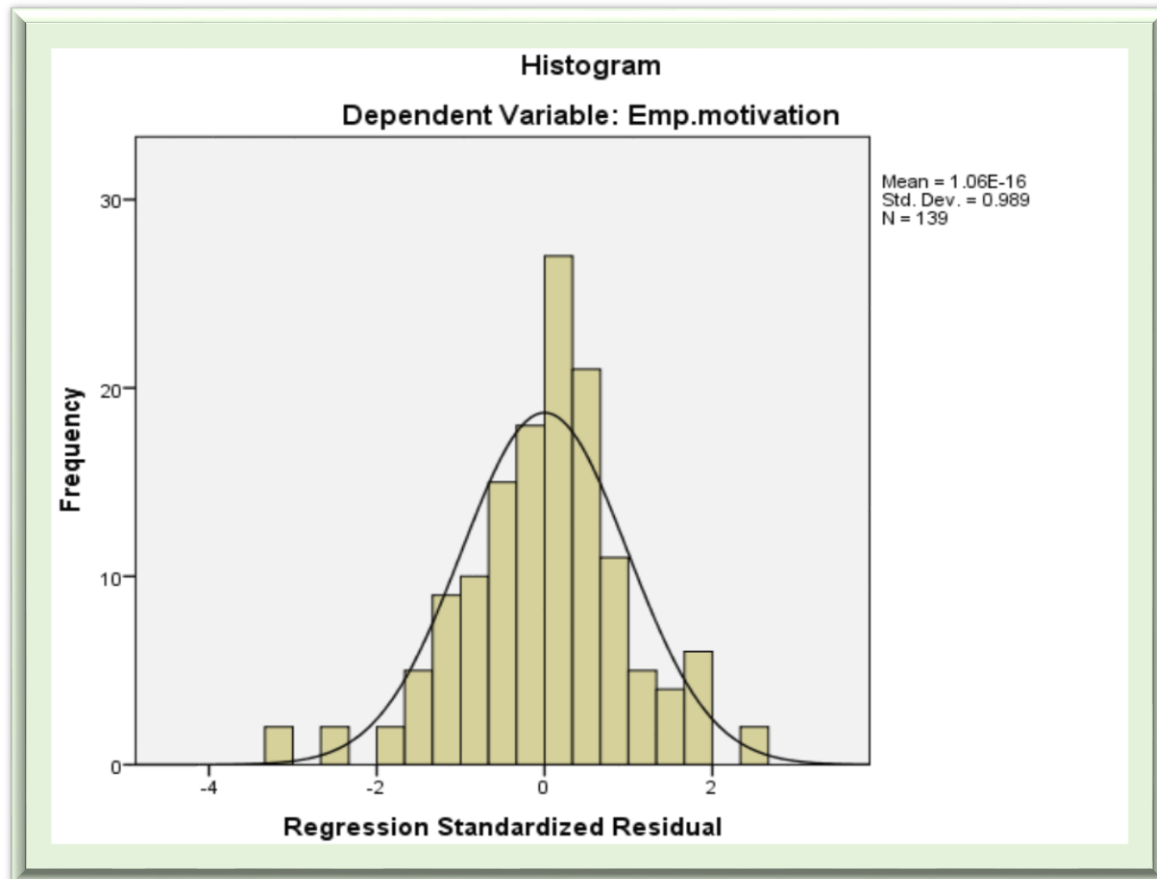
According to Ballance (2004), the correct use of a multiple regression model requires that a number of critical assumptions be satisfied in order to apply the model and establish validity. To ensure that the regression results are reliable and unbiased, the assumptions underlying a regression analysis are examined. Inferences and generalizations about the theory are valid only if the assumptions in analysis have been tested and proven reliable.

Before multiple regression analysis was made, the researcher has checked the compulsory assumptions that the data must meet to make the analysis reliable and valid. The model adequacy and fitness was checked based on the statistical requirements and the following multiple linear regression assumptions were tested using SPSS software program version 24.

I. Normality Assumption Test

The normality assumption test is needed in order to conduct tests about the model parameters of the study. It used to describe a symmetrical, bell-shaped curve, which has the greatest frequency of scores in the middle combined with smaller frequencies towards the extremes. In order to make valid inferences from a regression, the residuals should normally distribute and the histogram should be bell-shaped.

Figure 4.1 Normality Test



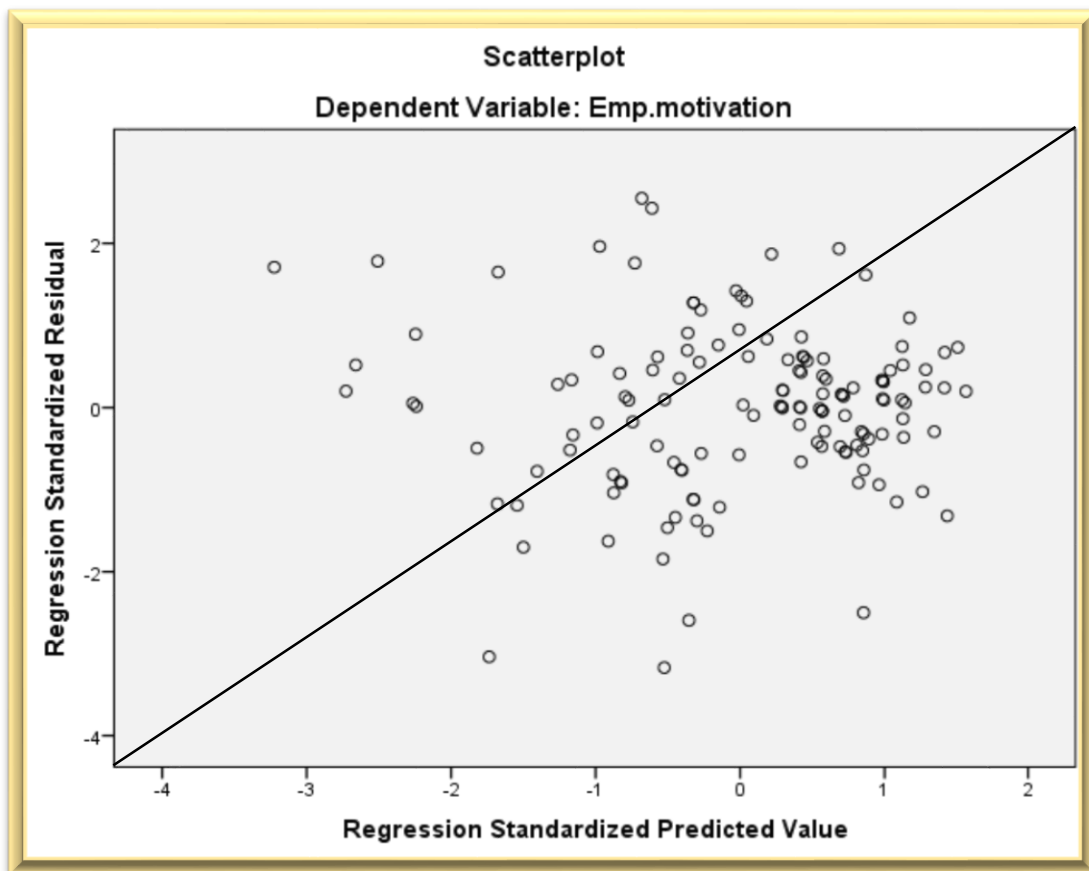
Source: Survey data, computed in SPSS, 2020

As it can be observed in the above figure (figure 4.1) regarding the distribution there is no major deviation from normality. In other words normality test for the data used in this study shown by the above histogram indicates that error terms are normally distributed. Therefore, it can be concluded that normality is assured as the histograms generated are normally distributed.

II. Homoscedasticity Assumption Test

Homoscedasticity refers to whether residuals are equally distributed, or whether variance of errors tends to bunch together across all levels of the independent variables. If the residuals are very scattered and spread far apart heteroscedasticity exists which shows high deviations. This assumption can be checked by visual examination of residuals on a scatter plot using SPSS. It is found that the figure below indicates the nonexistence of heteroscedasticity.

Figure 4.2 Homoscedasticity Test



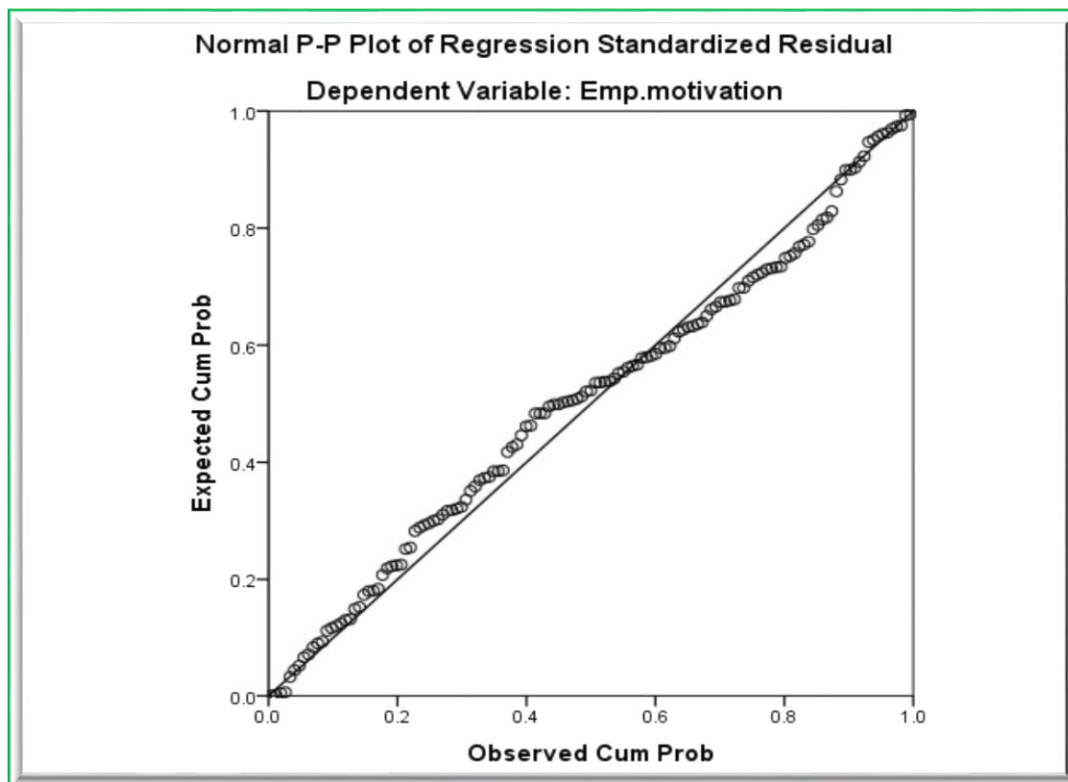
Source: Survey data, computed in SPSS, 2020

As shown in figure 4.2 the standardized residuals in this research are distributed evenly and it is concluded that heteroscedasticity is not a serious problem for this data.

III. Linearity Assumption Test

Linearity defines the dependent variable as a linear function of the predictor (independent) variable (Balance, 2004). The predictor variables in the regression have a straight-line relationship with the predicted variable. Linearity between the independent and dependent variable was tested by producing scatterplots. The relationship is linear. The figure below is used to show how much the regression model fits the relationship between leadership styles and employees' motivation variables. In the normal probability plot of the regression, standardized results lie in a regularly straight diagonal line from bottom left to top right in the figure 4.3 below:

Figure 4.3 Linearity Test



Source: Survey data, computed in SPSS, 2020

Looking at the Normal Probability plot produced by Statistical Package for Social Science (SPSS), it could be concluded that the relationship between each independent variable and the dependent variable is found to be linear as shown in figure 4.3 above.

IV. Multicollinearity Assumption Test

Multicollinearity is part of the multiple regression procedure that can help the researcher to check the conditions in which the independent variables are correlated with other variables. So multicollinearity of this research was checked by focusing on the two values, namely collinearity Tolerance and Variance Inflation Factor (VIF). Tolerance can be used as an indicator of how much of the variability of the identified independent variable is not explained by the other independent variables in the model (Pallant, 2005). Cochran (1977) stated that presence of multi collinearity can be detected by just looking at Variance Inflation Factor (VIF) value of each explanatory variable. That is, if VIF is more than 10, then, it signifies that there is interdependency among independent variables. Field (2005) also suggests that multicollinearity would be suspected if Tolerance figures are below 0.10 or if VIF statistics are 10.0 or higher.

Table 4.8 Result of Multicollinearity test

Coefficients ^a		
Model	Collinearity Statistics	
	Tolerance	Variation inflation Factor (VIF)
Transformational leadership style	.443	2.256
Transactional leadership style	.440	2.274
Laissez-faire leadership style	.967	1.034
<i>a. Dependent Variable: Employees' motivation</i>		

Source: Survey data, computed in SPSS, 2020

Based on this facts the multicollinearity assumption is fulfilled in this study as indicated in the above table (table 4.8), there is no multicollinearity problems among independent variables (transformational, transactional and laissez-faire): The tolerances of all variables are greater than 0.10 and Variation inflation Factor (VIF) is also less than 10.

V. Autocorrelation Assumptions Test

The Durbin Watson statistic is a number that tests for autocorrelation in the residuals or independence of residuals from a statistical regression analysis. As a general rule, the Durbin-Watson statistic will always have a value between 0 and 4 and perfect nonexistence of autocorrelation value is 2. Consequently, to test presence of autocorrelation the researcher used Durbin-Watson statistics.

Table 4.9 Autocorrelation assumptions test

Model	Durbin-Watson
1	1.642
<i>a. Predictors: (Constant), Laissez-faire, Transformational, Transactional</i>	
<i>b. Dependent variable: Employees' motivation</i>	

Source: Survey data, computed in SPSS, 2020

As it can be observed in table 4.9 the Durbin-Watson test applying SPSS calculated it as 1.642. The value of Durbin-Watson test of this thesis lies between $0 < 1.642 < 3$ and is close to 2. Thus, it can be concluded that the assumption of Autocorrelation is satisfied and there is no violation of Autocorrelation.

From an explanation of the information presented in the entire five tests one can conclude that there are no significant data problems that could lead to the conclusion that the assumptions of multiple regressions have been seriously violated. Consequently, multiple regression analysis was carried out to determine the following:

- (A) The degree to which the regression model fits the data (Model Summary),
- (B) Independent variables significantly predict the dependent variable (ANOVA) and
- (C) Statistical significance of each of the independent variables (Regression Coefficients).

4.7.1 Model Summary

The study efforts were made to determine the relationship between leadership styles or practices and employees' motivation in the Hotel. The outputs produced by SPSS software program are presented in table 4.10 below:

- The "R" column represents the value of R, a multiple correlation coefficient which shows the degree of associations between variables (independent and dependent).

Table 4.10 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868 ^a	.753	.747	4.58949
<p>a. Predictors: (Constant), Laissez-faire, Transformational, Transactional b. Dependent variable: Employees' motivation</p>				

Source: SPSS result, 2020

As shown in the model summary table (table 4.10), the "R" column represents the value of R, the multiple correlation coefficient. R value of 0.868 indicates very strong correlation between employees' motivation and the three independent variables and that shows a good level of prediction. The "R Square" column denotes the R square value, known as the coefficient of determination, which is the proportion of variance in the dependent variable that can be explained by the independent variables. As presented in the table above, R square value of 0.753 indicates that 75.3% of the variation in the employees' motivation of the Hotel can be explained by the three leadership styles/practices (independent variables included in the model). However, the remaining 24.7% changes in employees' motivation in the Capital Hotel and Spa (CHS) are caused by other factors that are not included in the model. Therefore, the three leadership styles/practices of the Hotel (transformational, transactional and laissez-faire styles) are good explanatory variables to predicting employees' motivation in the Capital Hotel and Spa (CHS).

4.7.2 ANOVA Model Fit

The F-ratio in the ANOVA table below tests whether the overall regression model has been a good fit for the data. To be statistically significant, the value of Significance should be less than 5% ($P < 0.05$). The outputs produced by SPSS software program were presented in table 4.11 below:

- The “F “ column represents the value of F-Ratio which shows whether the overall regression model is a good fit for the data.
- The “DF “ column represents the value of the degrees of freedom (DF) which indicates the number of independent values that can vary in an analysis without breaking any constraints.
- The “Sig. F” column represents the value of Sig. F, statistically significance value ($P < 0.05$) which shows that statistically significant relationships between the two variables (power of prediction between independent variables on dependent variables).

Table 4.11 ANOVA model fit

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig. (P-Value)
1	Regression	8663.744	3	2887.915	137.105	.000b
	Residual	2843.566	135	21.063		
	Total	11507.309	138			
<p>a. Dependent Variable: Employees' motivation</p> <p>b. Predictors: (Constant), Laissez-faire, Transformational, Transactional</p>						

Source: Survey data, computed in SPSS, 2020

The ANOVA (Analysis of Variance) table shows the overall significance/acceptability of the model from a statistical perspective. As shown in the table above the p – value (0.000) is less than 0.05 significant levels which shows that the regression model has a less than 0.05 probability of giving a wrong prediction. This implies that the sample data provides sufficient evidence to conclude that the regression model was well fitting. It also can be said that there is a relationship between the leadership style practices and employees' motivation in the Capital Hotel and Spa.

4.7.3 Regression Coefficients

Table 4.12 Regression coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig. (P-Value)
		B	Std. Error	Beta		
1	(Constant)	-.276	2.923		.300	.000
	Transformational	.791	.077	.658	10.238	.000
	Transactional	.327	.081	.260	4.028	.000
	Laissez-faire	.191	.092	.152	.214	.001

a. Dependent Variable: Employees' motivation

Source: SPSS result, 2020

A. Standardized Coefficients

As shown in table 4.12, the standardized coefficients point out the relationship between independent and dependent variables. They are useful to compare the impact of any independent variable on the dependent variable and to know which of the different independent variables is more important. They are used in comparison of impact of any independent variable on the dependent variable. As indicated in regression coefficients table above, transformational leadership style is the most contributing and statistically significant type of leadership style in the prediction of employees' motivation with beta value of (B=.658). This explains that transformational leadership style has a high level effect on employees' motivation of the Hotel. Transactional leadership style and laissez-faire leadership style ranked from two to three respectively in their relative importance on employees' motivation of the Hotel.

Based on the information presented above it was possible to generalize the three selected leadership styles had statistically significant contribution to employees' motivation with their p-values .000, .000 and .001 respectively and the significance level for the variables were less than 0.05 ($p < 0.05$). Accordingly transformational leadership style has found to be the most significant independent variable which has a positive contribution to employees' motivation with p-value of .000 in Capital Hotel and Spa. The results under this study are consistent with previous studies

showing the significant positive influence of transformational leadership style on employees' motivation (Bass and Avolio, 1994; Bass, 1998; Avolio, 1999; Shim et.al., 2002).

According to the secondary sources gathered from the Capital Hotel and Spa, the researcher found that there are vivid practices that are in line with the above kind of leadership style. For instance, there is a practice of rewarding employees on monthly and yearly basis by entitling them as employee of the month or the year. A department with the highest performance according to pre-set criteria receives recognition monthly by organizing celebration during lunch time for all the staffs in the department on the hotel's bill. Moreover, there is a culture where all the employees celebrate the anniversary of the Hotel. This kind of celebration creates an opportunity for employees to develop relationship with each other by spending time together while enjoying. In conclusion, managers of the hotel motivate their employees by promising rewards, offering bonuses, promotion and standard incentives upon goal completion. Therefore, managers of the Hotel are applying transactional leadership style.

B. Unstandardized Coefficients

Unstandardized coefficient represents a unit change in the independent variable that changes the dependent variable. As stated in chapter three, the study used this model to establish the statistical significance of the independent variables on the dependent variable.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where: Y = Employees' motivation of Capital Hotel and Spa

β_0 = Constant Term (value of employees' motivation (Y) when (X1, X2 and X3) leadership styles = 0)

β_1 = Regression coefficient for level of transformational leadership style

X1 = transformational leadership style

β_2 = Regression coefficient for level of transactional leadership style

X2 = transactional leadership style

β_3 = Regression coefficient for level of laissez-faire leadership style

X3 = laissez-faire leadership style

In the model, β_0 = Constant, β_1 to β_3 = Regression coefficients represent the mean change in the dependent variable for one unit of change in the independent variable while holding other variables in the model constant and ϵ = Error term which captures the unexplained variation in the model.

$$Y = -0.276 + 0.791X_1 + 0.327X_2 + 0.191X_3 + \epsilon$$

The constant value ($\alpha = -0.276$) shows that employees' motivation of the Hotel would be -0.276 if other variables (transformational, transactional and laissez-faire) of the model were zero. Similarly, a beta coefficient (β) of 0.791 indicates that a unit changes in transformational leadership practice leads to a change in the employees' motivation of the Hotel by 79.1% followed by a beta coefficient of 0.327 shows that a unit changes in transactional leadership practice leads to a change in the employees' motivation of the Hotel by 32.7%. Moreover, a beta coefficient of 0.191 indicates that a unit changes in laissez-faire leadership practice leads to a change in the employees' motivation of the Hotel by 19.1%. In addition, in the above regression model formula the error term (ϵ) estimate was assumed to be zero.

Regression coefficient results show that all three independent variables are statistically significant in predicting the employees' motivation of the Capital Hotel and Spa. The statistically significant variables are transformational leadership, transactional leadership and laissez-faire leadership style as evidenced by their P-values ($P < 0.05$). This indicates that an increase in these variables results in an increase in the employees' motivation of the Hotel.

These findings provide significant support for the reliability, transaction efficiency and literature which advocates that the variables have an effect upon employees' motivation of the Capital Hotel and Spa.

4.8 Testing Hypothesis with Regression Analysis

Testing hypothesis used to assess the acceptability of the assumption (may or may not be true) or the research formulated hypothesis by using sample data from the targeted population. These assumptions are then tested by gathering and analysing data, and the hypotheses can either be accepted or rejected on the basis of the result of the collected data.

In the light of the above statement, three hypotheses were developed on the basis of research questions, objectives and the conceptual framework which is stated in chapter one and two and tested based on the regression coefficient data. As a result, all hypotheses were confirmed through appropriate statistical procedures and statistical analysis are found to be successful in answering the research questions, in achieving the desired objective and in supporting conceptual frameworks.

Table 4.13 Summary Result of Regression Analysis

Model		Beta	Statistical significance
1	(Constant)		.000
	Transformational	.658	.000
	Transactional	.260	.000
	Laissez-faire	.152	.001
<i>a. Dependent Variable: Employees' motivation</i>			

Source: Survey data, computed in SPSS, 2020

Testing Hypothesis 1

H1: Transformational leadership style/practice has significant and positive effect on employees' motivation.

The result for transformational leadership style in the Hotel indicated in the regression coefficient were $\beta=0.658$, $P<0.01$ as Sig.000. The beta value denotes that employees' motivation increase by 65.8% due to the implementation of transformational leadership style assuming the other two variables to be constant. Therefore Hypothesis 1 is accepted because transformational leadership style has significant positive relationship and effect on employees' motivation.

Testing hypothesis 2

H1: Transactional leadership style/practice has significant and positive effect on employees' motivation.

The regression coefficient result of transactional leadership style in the Hotel indicated that ($\beta=0.260$, $P<0.01$, sig.000). It implies that 26% of increase in employees' motivation is explained by the application of transactional leadership style assuming the other two variables to be constant. This proves transactional leadership style has significant positive relationship and effect on employees' motivation. Therefore, Hypothesis 2 is accepted.

Testing hypothesis 3

H1: Laissez-faire leadership style/practice has significant and positive effect on employees' motivation.

The laissez-faire leadership style of Capital Hotel and Spa as described by regression coefficient result were $\beta=0.152$, $P<0.05$ as Sig.001. It explains that 15.2% of increase in employees' motivation is due to the use of laissez-faire leadership style assuming the other two variables to be constant. Therefore, Hypothesis 3 is accepted as laissez-faire leadership style has significant positive relationship and effect on employees' motivation.

Table 4.14 Summary of Tested Hypothesis

Tested Hypotheses	Results	The Effect of Test
<p>HO (Null hypothesis): Transformational leadership style/practice has no significant and positive effect on employees' motivation.</p> <p>H1 (Alternative hypothesis): Transformational leadership style/practice has significant and positive effect on employees' motivation.</p>	<p>($\beta=0.658$, $P<0.01$, sig.000)</p>	<p>Ho: Rejected</p> <p>H1: Accepted</p>
<p>HO: Transactional leadership style/practice has no significant and positive effect on employees' motivation.</p> <p>H1: Transactional leadership style/practice has significant and positive effect on employees' motivation.</p>	<p>($\beta=0.260$, $P<0.01$, sig.000)</p>	<p>Ho: Rejected</p> <p>H1: Accepted</p>
<p>HO: Laissez-faire leadership style/practice has no significant and positive effect on employees' motivation.</p> <p>H1: Laissez-faire leadership style/practice has significant and positive effect on employees' motivation.</p>	<p>($\beta=0.152$, $P<0.05$, sig.001)</p>	<p>Ho: Rejected</p> <p>H1: Accepted</p>

4.9 Discussion of Results

The inspiration behind this investigation is to explore the association between the practices of leadership styles and employees' motivation. In the literature review survey section of the research three type of leadership styles and employees' motivation in relation to intrinsic and extrinsic factors are distinguished. Majority of authors have focused on transformational, transactional and laissez-faire leadership styles in their model. Descriptive results revealed that regarding leadership styles, the overall practice of the analysis of transactional leadership styles is almost at a great extent in the hotel. The mean value of transactional leadership practices is greater than that of the transformational leadership practices. Although more attention was not given for laissez-faire leadership practices as the overall mean indicates at a moderate extent.

Based on correlation coefficient result, transformational leadership style has statistically significant and a very strong positive relationship with employees' motivation with Pearson's correlation coefficient of ($r = 0.850$ and $p < 0.01$) followed by transactional leadership style with its Pearson's correlation of ($r = 0.749$ and $p < 0.01$). Laissez-faire has also statistically significant and a weak positive relationship with employees' motivation with Pearson's correlation coefficient of ($r = 0.339$ and $p < 0.05$). Furthermore, the result of correlation revealed that there is statistically significant and positive relationship between the selected leadership styles and employees' motivation of CHS.

Regarding regression coefficient, the findings of this study demonstrate that the most critical practice of leadership style in predicting employees' motivation was transformational leadership style. The study indicated that there was a significant and positive effect of transformational leadership style on employees' motivation with unstandardized coefficient value of 0.791 and the p-value 0.000 which was lower than sig. value of 0.05 followed by transactional leadership style with its unstandardized coefficient value of 0.327 and the p-value 0.000. The study also demonstrated that laissez-faire has a statistically significant and positive effect on motivation on Capital Hotel and Spa employees with unstandardized coefficient value of 0.191 and the p-value 0.001 which is less than the sig. value of 0.05. Based on the regression coefficient result, one can concluded that there is a direct influence of leadership practices on employees' motivation of CHS at 95% confidence level.

Therefore, researcher accepted all the three alternative hypotheses which stated that transformational, transactional and laissez-faire leadership styles/ practices have positive and significant influence on employees' motivation of Capital Hotel and Spa while rejecting the null hypotheses. These findings are consistent with previous studies showing the significant positive influence of transformational leadership style on employees' motivation (Bass and Avolio, 1994; Bass, 1998; Avolio, 1999; Shim et.al., 2002). Furthermore, transformational leadership has been consistently claimed to be more effective than the other leadership styles.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the study findings with respect to the defined study objectives. Moreover, the study further drew conclusions on the basis of the findings of this study and recommendations were made by the researcher which might improve the future hotel success of overall operations by ensuring leadership effectiveness and motivation of employees’.

5.2 Summary of Findings

The main purpose of this study was to examine the effect of leadership styles on employees’ motivation in Capital Hotel and Spa. Primary data for the study was obtained from a pre-determined sample of employees’ in CHS by a means of questionnaire. The study targeted 156 employees’ of CHS and from the distributed questionnaire 139 respondents were kind enough to fill and return questionnaire with 89.1% response rate. An overall internal consistency test of the questionnaires was found in “excellent” reliability range with Cronbach alpha overall value of ($\alpha = 0.952$). The analysis of demographic characteristics of respondents shows that 59.7% of them were female and 40.3 % were male. The age distribution shows that 46.8% of the respondents’ age lay between 26 and 35 years. The majority (57.6%) of the respondents are diploma holders. The experiences of 47.5% of the respondents were above 5 years. Finally in relation to working unit, 72% of respondents were from operational departments.

With regard to the objectives of the study overall findings produced from the analyzed response of employees were able to establish the dominant leadership style in the hotel. Based on the findings of the study, mean score of transactional leadership style was relatively high (3.7425), followed by transformational leadership style (3.6730) and the mean score of laissez-faire leadership style was computed to be (2.5333) which is considered low compared to the other two leadership styles. Then again, the mean score of employees’ motivation (3.6185) affirms that respondents agreed highly on the motivation measures. The findings show that transactional leadership style is the most favored leadership style followed by the transformational leadership style. Laissez-faire leadership style was the least exercised leadership style as observed in Capital Hotel and Spa.

Correlation analysis was used to show the relationship between the leadership styles (Independents Variables) and employees' motivation (Dependent Variable) of the study. The result of Pearson correlation revealed that a strong positive and statistically significant relationship is found between transformational and transactional leadership styles on employee's motivation ($r=0.850$, $p<0.01$) and ($r=0.749$, $p<0.01$) respectively. But laissez-faire leadership style has weak positive and less significant correlation employee's motivation ($r=0.339$, $p<0.05$). To generalize, leadership styles particularly transformational and transactional styles have strong significant positive relationship with employees' motivation and laissez-fair leadership style is the least of all.

Multiple regression analysis result shows that to what extent the independent variables influenced the dependent variable. From the regression model summary R square value (R^2) explains that 75.3% change in employees' motivation can be predicted by the combination of the three leadership styles. Therefore, the combination of the three leadership styles (transformational, transactional and Laissez-faire) plays its own role in enhancing employees' motivation. The remaining 24.7% of the variation of employees' motivation can be explained by other factors in Capital Hotel and Spa.

The ANOVA model test testified that transformational, transactional and laissez-faire leadership styles statistically and significantly could predict the variation in employees' motivation of the Hotel as can be seen from result ($F = 137.105$, $p < .001$). Also the independent variables had statistically significant contribution to employees' motivation at 95% confidence level or at less than 5 percent error ($p<0.05$). This result denotes that from a statistical viewpoint the model is significant and acceptable.

All the formulated alternative hypotheses related to the relationship between the different leadership styles and employees' motivation were accepted while rejecting all the null hypothesis. The significance level of the independent variables (transformational and transactional laissez-faire) were .000, .000 and .001 at $p<0.05$ respectively. So it clearly shows that all the results based on the selected independents variables supported the alternative hypotheses. Thus, the selected three leadership styles have statistically significant and positive effect on employees' motivation of Capital Hotel and Spa.

5.3 Conclusion

Based on the empirical findings on this study in relation to the effect of leadership styles on employees' motivation in Capital Hotel and Spa the following conclusions are drawn. The results show that there is positive and significant relationship between leadership styles and employees' motivation. This research shows that leaders can have a big impact on employees' motivation because they are able to guide subordinates to accomplish targets.

Transformational leadership style was the second most dominant leadership style applied in Capital Hotel and Spa. As the result of this study shows there is a very strong or significant positive relationship between transformational leadership style and employees' motivation. It indicated that transformational leadership style would lead to higher employees' motivation because the adoption of this leadership style boosts the motivation of employees and helps them to work efficiently and effectively. The leaders should be aware of what is important for the employees and the organization as a whole and encourage the employees to see the opportunities and challenges around them creatively. When the employees are motivated they work hard and organizational productivity increases. Furthermore such practices have a strong power to attract, to retain and motivate highly skillful individuals within the organization.

Transactional leadership also has a positive effect on the motivation of employees but transformational style comparatively is more effective. Transactional leadership style was found to be the dominant leadership style exhibited in Capital Hotel and Spa followed by transformational and laissez-faire leadership style. This has led the researcher to conclude that the current leadership style that the managers of the Hotel applied are more or less transactional. This indicates that the leaders mainly concentrate on dealing with achieving objectives, meeting standards and addressing irregularities, mistakes and deviations from standards. Punishments and rewards are used by these managers to achieve results from employees.

The laissez-faire leadership style has a weak positive relation with employees' motivation and it is the least applied leadership style than the others. It clearly shows that managers of the hotel rarely practice this style in comparison to other two styles.

Based on the findings the researcher concludes that motivation of Capital Hotel and Spa employees is based on leadership style practiced in the Hotel. Even though motivation of employees can be

affected by many factors the findings of this study indicate that motivation of CHS employees is influenced by intrinsic motivation and extrinsic motivation. As per the results the employees are highly motivated by the extrinsic factors or instrumental reasons other than by the intrinsic motivation.

Finally, it can be concluded that managers should not stick to only one form of leadership style. The ideal leadership style should be transformational leadership but with some combination of transactional and laissez-faire leadership styles. The transformational and transactional leadership styles, of course, play more important roles than the laissez-faire style in developing and enhancing motivation of Capital Hotel and Spa employees.

5.4 Recommendations

Based on the results of the research the following recommendations are made to the Hotel in order to help the organization change or improve leadership styles which can contribute to raising the level of employees' motivation.

- ✓ Based on the study findings and reviewed literatures transformational leadership has been consistently claimed to be more effective than the other leadership styles. Therefore, for effective employees' motivation, adopting a transformational leadership style is recommendable while reducing the application of transactional leadership style. Applying transformational leadership style improve and increase organization outcomes through enhancing employees' motivation to a high degree and with consistency and efficiency. This leadership style also benefits the customers since this industry is mostly depends on face-to-face interaction. Only happier and more fulfilled employees' can boost business performance by ensuring exceptional customer service in achieving guest satisfaction.
- ✓ Managers should try to adjust their leadership style based on the motivations of employees. So much attention should not be given to laissez-faire leadership style because of its weak positive relation to employees' motivation. Its broad application is likely to reduce employee motivation. Thus the researcher suggests to managers to spend time in coaching, paying attention to employee's abilities and needs, helping them develop their talent and providing performance standard within the hotel.
- ✓ Hotel is a business in which workers deal with guests all the time. They work days and nights. So managers need to understand what actually motivates the employees and how to increase

their level of motivation. Even though it is more difficult to change the intrinsic motivation of the employees than the extrinsic motivation managers should also focus on intrinsic factors. Employees work on a task because they find it enjoyable, not because he or she will be rewarded or punished. Accordingly more emphasis needs to be given to psychological rewards such as recognition, appreciation, praise and others. In addition, policies and practices related to the rewarding system should be reliable, time-tested and adjusted based on employees' needs to effect a better and long-lasting influence on employees' motivation. The end result is that employees become inspired and more productive to work that will result in organizational success and great competitive advantage for the hotel.

- ✓ Leaders have an impact on the motivation of employees. This study has provided insights into what employees need from their managers and what kind of leadership style is that they prefer. This information could be used to help develop strategies and meet organizational needs through leadership development programs. Providing a leadership training program to the managers will enhance their leadership skills and this, in return, will raise their employees' motivation and their organization's performance. For that reason managers should improve their knowledge about how their leadership style influences employees' motivation and find the appropriate combinations of the effective leadership through a leadership development program.
- ✓ Finally, the human resources department is the key factor to influence and shape the organizational activities. The performance of employees can be maintained and improved using different practices including developing a positive attitude among all employees. Having that in mind, they should try to upgrade the educational level of the employees that makes them more efficient, effective and professional. Also provide training of employees to ensure that they acquire the latest skills in executing their jobs that can help meet the expectations of the guests and go beyond to achieve superior customer service.

5.5 Limitations and Suggestions for Future Research

Although there are notable contributions regarding the effect of leadership styles/practices on employees' motivation as proved from this study, the significance of this study needs to be viewed and acknowledged in lights of its limitation. This means there are limitations in this study which are left for future investigation and can be addressed by the future studies.

First, the study did not include other types of leadership styles. It only focused on three leadership styles as stated in the previous sections. The scope of the study can be further increased and enriched to include other leadership styles under the theoretical framework in future studies which might predict employees' motivation holistically in Ethiopian Hotels' context. Therefore, it proposes conducting further studies considering several other types of leadership styles/practices.

Second, the study only focused on the leadership styles of the Capital Hotel and Spa. Similar studies should be done to examine the results across different star Hotels through a comparative study on different star Hotels by comparing the leadership practices between Hotels. So future studies should be conducted using cross sectional design on a wider scale to investigate the relationship between leadership styles and employees' motivation in different star Hotels in Addis Ababa and other parts over the country. Since, the relationships between leaders and employees in two and three star Hotels can appear different from these relationships in five star Hotel sectors. Also the sample size can be bigger and broader to increase the representativeness and the results can be more gratifying. So sample size should be drawn from larger populations in order to support or refute the results.

Lastly, the study didn't consider the challenges of leadership styles/practices faced by the Hotel. Therefore the suggestion for further studies is about dealing with challenges of leadership styles/practices in the Capital Hotel and Spa with allied mitigation mechanisms.

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Section 2- Questions related with Leadership styles

Please put tick (√) in the table provided for each of the given statement using the following scales.

1= Not at all, 2= Small Extent, 3= Moderate Extent, 4= Great Extent 5= Very Great Extent

No.	Questions related with leadership practice	Scales				
		1	2	3	4	5
Transformational leadership style To what extent your manager.....						
1)	Makes others feel good to be around him / her					
2)	Sets challenging standards					
3)	Encourages employees to be creative about their job					
4)	Spends time training and coaching subordinates					
5)	Gives the right amount of support and guidance to make the employee productive					
6)	Provides appealing images about what we can do					
7)	Let's others know how he /she thinks we are doing					
8)	Makes me self-driven to perform my work					
9)	Recognizes contributions by showing appreciation for individual excellence					
10)	Fosters collaboration by building trust and facilitating relationships					
11)	Makes employees have active roles in formulating plans for themselves, their team and the company as a whole					
12)	Always creates change in the working environment					
13)	Talks optimistically about the future					
Transactional leadership style						
1.	Tell others what to do if they want to be rewarded for their work					
2.	Provides recognition/rewards when others reach their goals.					
3.	Tells us the standards we have to know to carry out our work					
4.	Firm gives appreciation to their employees in the form of good rewards system, promotion of position and so on.					

5.	Enforcement of punishment for those employees who against the rules and policy of the company.					
6.	Monitors progress towards goal achievement only					
7.	Will take action before problems are chronic					
8.	Makes clear expectation					
9.	Do not try to change anything as long as things are working well					
10.	Needs to control every activity					
11.	Monitor the schedule to ensure a task or project will be completed in time					
12.	Focuses more on punishment for mistakes					
Laissez-faire leadership style						
1	Avoids getting involved when important issues arise					
2	Always absent when he is highly needed					
3	Mostly avoids making decisions					
4	Delays responding to urgent questions					
5	Gives us complete freedom to make decision in our respective jobs					
6	In most situations I prefer limited input from my manager					

Please state if there are any other leadership practices in capital hotel and spa -----

Section 3- Questions related with employee motivation

Please put tick (√) in the table provided for each of the given statement using the following scales.

1= Very Low, 2= Low 3= Moderate, 4= High 5= Very high

No.	Questions related with employee motivation	Scales				
		1	2	3	4	5
1.	These days I feel motivated to work as hard as I can					
2.	I feel free to ask advice/support from my manager.					
3.	This organization gives me high moral to work.					
4.	I am willing to make a greater effort than expected to contribute to the success of the organization.					
5.	Most days, I see positive results because of my work.					
6.	My motivation in work is associated with Salary increment, bonuses and incentives					
7.	Individual praise and recognition from my manager motivates me					
8.	I feel that workplace training and education opportunities motivates me to work					
9.	Good working atmosphere and good physical working conditions motivates me to work					
10.	I do things without being asked or told					
11.	I am satisfied with the benefits I receive					
12.	I feel that my job receives enough attention from my manager					
13.	I have freedom to try new methods of doing in my job					
14.	Company rules and procedures are conducive for work					

What motivational factor do you think motivates you the most to work in capital hotel and spa?

Please specify if there are other motivational factors that capital hotel and spa must address in order to improve the motivation of its employee -----

