



ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS & ECONOMICS  
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DEPARTMENT OF BUSINESS LEADERSHIP

**THE EFFECT OF TRANSFORMATIONAL LEADERSHIP ON  
ORGANIZATIONAL EFFECTIVENESS: THE MEDIATING  
ROLE OF DIGITAL TRANSFORMATION AT SUNSHINE  
CONSTRUCTION PLC HEAD OFFICE**

BY

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MAY, 2025

ADDIS ABABA, ETHIOPIA

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ADDIS ABABA, ETHIOPIA

## **Statement of Declaration**

I, the undersigned, hereby declare that this thesis entitled “The Effect of Transformational Leadership on Organizational Effectiveness: The Mediating Role of Digital Transformation at Sunshine Construction PLC head office” is my original work. To the best of my knowledge, it has not been submitted for the award of any degree in any other university or institution. All sources of materials used in the thesis have been properly acknowledged

Declared by:

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Date & Signature

## **Statement of certification**

This is to certify that the thesis carried out by Semhal Hagos on the topic entitled “The Effect of Transformational Leadership on Organizational Effectiveness: The Mediating Role of Digital Transformation at Sunshine Construction PLC head office”, is his original work and is suitable for submission for the award of Masters of Art Degree in Bussiness Leadership.

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## Approval page

This is to certify that the thesis carried out by Semhal Hagos Zebello entitled: “The Effect of Transformational Leadership on Organizational Effectiveness: The Mediating Role of Digital Transformation at Sunshine Construction PLC head office and submitted in partial fulfillment of the requirements of the degree of Masters of Business Leadership with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Chairman	Signature	Date

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# Table of Contents

Statement of Declaration .....	2
Statement of certification.....	3
Approval page .....	4
Acknowledgments .....	5
List of Tables .....	10
List of Figures .....	11
List of Acronyms.....	12
CHAPTER ONE:	
1.1 INTRODUCTION .....	15
1.2. Background of the research study .....	3
1.3. Problem Statement .....	18
1.4. Research question .....	19
1.5. Objectives of the study .....	19
1.5.1. General Objective.....	19
1.5.2. Specific Objectives.....	20
1.6. Significance of the Study.....	20
1.7. Scope of the Study. ....	20
1.8. Limitations of the Study. ....	21
1.9. Conceptual Definition of Terms .....	21
1.10. Organization of the Study.....	21

CHAPTER TWO: LITERATURE REVIEW .....	22
2.1. Introduction .....	22
2.2. Overview of Leadership .....	22
2.2.1. Leadership Styles .....	23
2.3. Organizational Performance .....	26
2.4. Theoretical Foundations: the research.....	28
2.4.1. Transformational Leadership .....	28
2.4.2 Relational Leadership.....	30
2.4.3 Framework for Digital Transformation .....	31
2.5 Empirical Evidence Supporting the Theoretical Foundation.....	34
2.6 Research Gap.....	36
2.7. Conceptual framework .....	36
2.7.1 Conceptual Model .....	37
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY .....	38
3.1. Introduction .....	38
3.2. Description of the study area .....	38
3.3. Research Philosophy .....	38
3.4. Research Approach .....	39
3.5. Research Design.....	39
3.6. Target Population and Sampling.....	40
3.7. Data Sources and Collection.....	40
3.7.1. Data Sources .....	40

3.7.2.	Data Collection Methodology .....	40
3.8.	Study Variables .....	41
3.9	Validity and Reliability Analysis.....	42
3.9.1	Validity Analysis .....	42
3.9.2	Reliability Analysis .....	42
3.10	Data Analysis.....	44
3.10.1	Regression Analysis .....	44
3.11	Ethical Considerations .....	45
CHAPTER FOUR: RESULT AND DISCUSSION.....		47
4.1	Introduction .....	47
4.2	Demographic characteristics of the respondents .....	47
4.2.1	Repones rate .....	47
4.2.2.	Demographic Profiles of the Respondents .....	48
4.3	Descriptive Statastics .....	51
4.3.1.	Transformation Leadership .....	52
4.3.2.	Digital Transformation .....	57
4.3.3	Organizational Effectiveness .....	61
4.4	Correlation Analysis .....	64
4.5	Regression Analysis.....	66
4.5.1	Regression Assumptions .....	67
	Testing of Multi co linearity.....	71
4.5.2	Regression Analysis .....	72

4.5.3 ANOVA Table Interpretation .....	72
4.6. Role of Digital Transformation as a Mediator .....	76
4.7 Discussion .....	79
CHAPTER FIVE: CONCLUSION AND RECOMMENDATION .....	81
5.1. CONCLUSION .....	81
5.2. Recommendation .....	83
5.3. Suggestions For Further Studies .....	84
References.....	84

## List of Tables

Table 3.1 Interpretation of Cronbach's Alpha(Source :Huck,2004) .....	28
Table 3.2 Cronbach's Alpha result (Source: Survey result, 2025).....	29
Table 4.1 responses rate (Source: Survey result, 2025).....	32
Table 4.2 Sex of Respondent (Source: Survey Result, 2025) .....	33
Table 4.3 Age of respondents(Source: Survey Result, 2025) .....	33
Table 4.4 Educational qualification of Respondents(Source: Survey Result, 2025) .....	34
Table 4.5 Years of service of respondents(Source: Survey Result, 2025).....	36
Table 4.6 Descriptive Statistics for Idealized Influence(Source: Survey Result, 2025).....	37
Table 4.7 Descriptive Statistics for Inspirational Motivation(Source: Survey Result, 2025) .....	38
Table 4.8 Descriptive Statistics for Intellectual Stimulation(Source: Survey Result, 2025) .....	39
Table 4.9 Descriptive Statistics for Individualized Consideration(Source: Survey Result, 2025).....	41
Table 4.10 Descriptive Statistics for Digital Tools(Source: Survey Result, 2025) .....	42
Table 4.11 Descriptive Statistics for Digital competence and support(Source: Survey Result, 2025). 44	
Table 4.12 Descriptive Statistics for Digital workflow Integration(Source: Survey Result, 2025) .....	45
Table 4.13 Descriptive Statistics for Organization Effectiveness(Source: Survey Result, 2025) .....	47
Table 4.14 Pearson Correlations between Transformational leadership and Organization Effectiveness(Source: Survey Result, 2025).....	49
Table 4.15 Multi-Collinearity(Source: Survey Result, 2025) .....	55
Table 4.16 Model Summary(Source: Survey Result, 2025) .....	55
Table 4.17 ANOVA Table(Source: Survey Result, 2025).....	56
Table 4.18 Regression coefficients(Source: Survey Result, 2025) .....	57
Table 4.19 Direct Effect(Source: Survey Result, 2025) .....	57
Table 4.20 Indirect Effect(Source: Survey Result, 2025).....	61
Table 4.21 Total Effect(Source: Survey Result, 2025).....	62

## **List of Figures**

Figure 2.1: Model of Transformational Leadership .....	15
Figure 2.2: Conceptual Framework .....	23
Figure 4.3: Work Occupation of the respondents .....	50
Figure 4.4: Histogram result from survey .....	52
Figure 4.5: Normal P-P Plot of Standardized Residuals .....	53
Figure 4.6: Scatterplot of Standardized Residuals (zresid) by Standardized Predicted Values (zpred) .....	54
Figure 4.7: Mediation model .....	60

## **List of Acronyms**

BLM	Building Information Modeling
DC	Digital Competence and Support
DT	Digital Transformation
DTL	Digital Tool
DW	Digital Workflow Integration
ERP	Enterprise resource Planning
FRL	Finished road level
IC	Individualized Consideration
II	Idealized Influence
IM	Inspirational Motivation
IS	Intellectual Stimulation
IT	Information Technology
OE	Organizational Effectiveness
PLC	Public Limited Company
SEM	Structural Equation Modeling
SPSS	Statistical Package for the Social Science

## ABSTRACT

*This study investigates the link between transformational leadership, digital transformation and how efficient Sunshine Construction Head Office is. The approach treats transformational leadership as the predictor, digital transformation as the linking variable and how well the organization functions as something dependent on these other factors. The study applies Bass's Transformational Leadership Theory, Vial's Digital Transformation Theory and Burns's Relational Leadership Theory. Four important elements are used to analyze transformational leadership: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. To review digital transformation, leaders should check digital tool use, staff ability and how well tasks are joined in the process. This research chose to apply a quantitative explanatory research design. As there were so few students, each student completed a census survey that provided 93 valid results out of 105 questionnaires. Data related to the project were obtained from questionnaires and relevant books and articles were used for secondary information. Primary data were analyzed using SPSS Version 27 for descriptive statistics, reliability analysis, and Inferential statistics. Structural Equation Modeling (SEM) was performed with Jamovi Version 2.6.26 to test the measurement model and structural relationships, examining both direct and indirect SEM analysis discovered that using intellectual stimulation greatly improves an organization's efficiency. While inspirational motivation made a small difference, idealized influence and individualized consideration did not appear to have a large direct effect. Still, having appealing and encouraging leaders influenced their employees mainly through digital transformation, by bettering digital ability and making work processes more efficient. Even though individualized consideration didn't much influence results, it benefits the growth and retention of staff members. These findings highlight the importance of focusing on intellectual stimulation and digital capability development as key strategies for improving organizational performance in the construction industry.*

**Keywords:** Transformational Leadership, Digital Transformation, Organizational Efficiency, Structural Equation Modeling, Construction Industry



# CHAPTER ONE

## 1.1 Introduction

The construction industry has long been driven by the ability to manage complex projects under demanding conditions. However, with the growing need for faster delivery, better coordination, and improved efficiency, success now depends not only on technical execution but also on effective leadership and the smart use of digital technologies. In countries like Ethiopia—where urban expansion, infrastructure development, and competitive market pressures are rising—construction companies are under increasing pressure to modernize how they operate.

Leadership plays a vital role in shaping how organizations respond to these demands. In particular, transformational leadership has gained attention for its potential to inspire employees, encourage innovation, and align teams with the organization's long-term goals. Leaders who lead by example, communicate a clear vision, and invest in their people often create environments where individuals are motivated to perform beyond expectations and contribute to continuous improvement.

At the same time, the construction sector is experiencing a growing reliance on digital transformation. Tools like ERP systems, AutoCAD, Peachtree, and other digital platforms are changing how projects are managed, how departments coordinate, and how decisions are made. These technologies are helping organizations reduce delays, minimize errors, and improve overall productivity. However, digital tools are only as effective as the people who use them—and it is the role of leadership to ensure that these tools are not just adopted, but fully integrated into daily operations.

This study aims to explore how transformational leadership effect to organizational effectiveness through digital transformation. Focusing on Sunshine Construction PLC head-office, one of Ethiopia's leading construction firms, the study investigates whether leadership behaviors and digital initiatives are working together to drive better results in areas such as project timeliness, budget adherence, employee performance, and innovation.

## **1.2 Background of the research study**

Effective leadership is a crucial factor in determining organizational success in modern Being organized is particularly important for businesses today, especially in labour-intensive and tech-based industries such as construction. To improve, cut wastage and stay competitive, leadership plays a key role in determining the results for an organization. A company's future pathway and the motivation, creativity and adjusting abilities of its workforce all depend significantly on leadership (Yukl, 2013; Alrowwad et al., 2020).

After Burns (1978) introduced the concept, Bass (1985) documented its effectiveness in inspiring significant transformation inside organizations. It encourages employees to look out for the good of their organization by developing trust, thinking outside the box and remaining loyal. These four aspects make up the concept of the model: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass & Riggio, 2006). These aspects help encourage employees and bring them in line with the organization's strategic targets.

Since facing cost overruns, delays and worker inefficiency is usual in construction, transformational leadership helps boost the company's overall performance. Leaders who encourage innovation and let employees grow with change can overcome the challenges and challenges the sector contains (Chan et al., 2022).. Because Sunshine Construction PLC is a big name in Ethiopian construction, their approach must boost excellence and conform to the rise of digital trends.

Using digital technologies to improve how an organization works has become more important in this situation. It entails working with online systems, growing people's skills and smoothing out work procedures to reduce time and improve results. Adopting new technologies in construction can better control project progress, improve how teams work together and support data-based judgments. Implementation is often successful, depending on how the leader of the organization handles things.

It is becoming more apparent that leaders who drive transformation are vital for successful digital change. Together, they build a vision, motivate teams to test out new digital options and support learning, causing the culture to accept new technology faster (Northouse, 2022)

Therefore, transformational leadership can improve organizational effectiveness directly and, indirectly, by supporting digital transformation projects.

Digital transformation bridges leadership and effectiveness by serving as the mechanism through which leadership goals are executed—specifically by improving communication, workflow integration, and decision-making processes. It translates the leader’s vision into measurable performance improvements such as faster delivery, enhanced team collaboration, reduced errors, and better cost control (Vial, 2019).

The connection among leadership, digital transformation and effectiveness is said to exist on paper, but there are few studies available in construction organizations in countries like Ethiopia. Most of the existing literature has either focused on Western contexts or other sectors like education and aviation (Mousa & Othman, 2020).

Additionally, Ethiopia faces specific local challenges including resistance to change, limited access to digital infrastructure, skill gaps, and traditional hierarchical leadership cultures that may hinder digital adoption and transformational practices (Tefera & Wubshet, 2023).

To help both studies and practical applications, we should examine this relationship closer. The study aims to find out how transformational leadership and digital transformation shape the effectiveness of Sunshine Construction Head Office.

To measure organizational effectiveness (dependent variable), this study will focus on indicators such as project delivery timeliness, budget adherence, employee productivity, customer satisfaction, and innovation capacity (AlKhajeh, 2018; Pradhan & Jena, 2019). By looking into the direct and indirect ways these variables affect each other, the research hopes to provide advice for leadership and digitization in Ethiopia’s construction industry.

However, there is no baseline data regarding the current leadership style, digital transformation, or existing performance gaps within Sunshine Construction. The study aims to find out how transformational leadership and digital transformation shape the effectiveness of Sunshine Construction Head Office. By looking into the direct and indirect ways these variables affect each other, the research hopes to provide advice for leadership and digitization in Ethiopia’s construction industry. The research’s results will help leaders direct digital advancements to achieve consistent improvements in performance.

### **1.3. Problem Statement**

To remain successful and ahead of competition, it is important for organizations to be effective. In the case of Sunshine Construction PLC, effectiveness is defined as the ability to complete projects on time, stay within budget, deliver high-quality outputs, and maintain a capable and motivated workforce. However, these outcomes are often hindered by persistent issues such as inefficient resource management, weak communication systems, and resistance to organizational change. These problems are closely tied to leadership, yet many Ethiopian construction companies continue to rely on outdated management styles that do not promote innovation or flexibility (Girma,2018).

Transformational leadership has been recognized as a powerful approach that promotes innovation, employee involvement, and a shared organizational vision (Bass & Riggio, 2006). Despite its recognized benefits, limited empirical research exists on how this leadership style actually influences organizational performance in developing countries like Ethiopia, particularly in the construction sector. There is a lack of studies examining how transformational leadership practices—especially components like intellectual stimulation and inspirational motivation—relate to key performance indicators such as productivity, project delivery, client satisfaction, and workforce development.

Meanwhile, digital transformation is rapidly changing the way organizations operate by offering tools and systems that streamline processes, enhance decision-making, and improve performance. Technologies such as ERP systems, AutoCAD, and project management software are beginning to be used in the Ethiopian construction industry. However, the success of digital initiatives depends largely on leadership that fosters a culture of innovation and supports the adoption of new systems (Vial, 2019).

In the case of Sunshine Construction PLC, digital transformation efforts are in the early stages, making it essential to explore whether transformational leadership is playing a role in facilitating this shift—and whether the digital changes being introduced are positively influencing organizational effectiveness.

Most previous research has examined leadership and digital transformation separately. There is a clear knowledge gap in understanding how these two elements interact and collectively influence organizational outcomes. In Ethiopia's construction sector, in particular, there is a

shortage of evidence that connects leadership behavior, digital maturity, and measurable performance indicators.

Furthermore, no baseline data currently exists regarding Sunshine Construction's leadership style, level of digital transformation, or existing performance gaps. This lack of data makes it difficult for organizations to design effective leadership development programs or make strategic investments in digital systems.

As a result, this study aims to assess how transformational leadership influences organizational effectiveness at Sunshine Construction PLC and to examine the mediating role of digital transformation in this relationship. The findings of this research are expected to offer practical recommendations for strengthening leadership strategies, guiding digital investments, and ultimately improving project delivery, cost efficiency, and organizational growth in the Ethiopian construction industry.

#### **1.4. Research question**

1. How does transformational leadership affect the organizational effectiveness in sunshine construction Head office indirectly through digital transformation?
2. what is the relationship between transformational leadership and organizational effectiveness at sunshine construction headoffice?
3. Does transformational leadership directly influences the organizational effectiveness in sunshine construction headoffice?
4. What is the mediating effect of digital transformation in the relationship between transformational leadership and organizational effectiveness?

#### **1.5. Objectives of the study**

##### **1.5.1. General Objective**

The primary objective of this study is to examine the effect of transformational leadership on organizational effectiveness at Sunshine Construction Head Office, with a particular focus on the mediating role of digital transformation.

### **1.5.2. Specific Objectives**

1. To examine the effect of transformational leadership on organizational effectiveness at Sunshine Construction Head Office indirectly through the lens of digital transformation.
2. To assess the relationship between transformational leadership and organizational effectiveness at Sunshine Construction Head Office.
3. To investigate the direct effect of transformational leadership on organizational effectiveness at Sunshine Construction Head Office..
4. To analyze the mediating role of digital transformation in the relationship between transformational leadership and organizational effectiveness.

### **1.6. Significance of the Study**

This study is conducted to fulfil the requirements for the Master of Business leadership . It aims to expand knowledge of organizational efficiency in the context of Sunshine Construction's digital transformation and transformational leadership .Moreover, the study helps to understand the leadership at sunshine construction and how transformational leadership can support digital tools for improved operational results ,It's also i provides for researchers, academics and students reliable data about transformational leaderships roles in the digital integration.

### **1.7. Scope of the Study.**

This study aims to assess the effect of transformational leadership on organizational effectiveness at Sunshine Construction Head Office, considering the mediating role of digital transformation. It examines the practical application of specific digital tools such as ERP systems, AutoCAD, Eagle Point Software, and Peachtree Accounting. These tools will be analyzed in terms of their role in enhancing productivity. A quantitative research methodology will be used to collect from employees within the sunshine construction.

The geographical scope is limited to Sunshine Construction's Head Office in Ethiopia. The research excludes regional offices and other construction companies to maintain a focused analysis of transformational leadership practices, digital transformation efforts, and their collective effect on organizational effectiveness within a single organizational setting.

## 1.8. Limitations of the Study.

The purpose of this study was to gather relevant data to address the research question and achieve the objectives. Respondents were difficult to obtain during data collection due to time and cost limitations. Another factor was the shortage of secondary data sources regarding leadership style and digital transformation in Ethiopian construction companies.

## 1.9. Conceptual Definition of Terms

**Leadership:** The ability to inspire and guide a group toward shared goals, where a leader effectively influences and motivates team members (Robbins & Judge, 2019).

**Transformational Leadership:** A leadership style where leaders inspire followers to exceed expectations by fostering trust, admiration, and commitment through visionary thinking and individualized support (Bass & Riggio, 2020).

**Digital Transformation:** The strategic adoption of digital technologies to fundamentally alter business processes, customer experiences, and value creation, leading to improved efficiency and competitive advantage (Vial, 2019).

**Digital Tools:** Software applications, platforms, or systems that utilize digital technologies to automate processes, enhance collaboration, and optimize decision-making within organizations (Westerman et al., 2021).

**Organizational Effectiveness:** The extent to which an organization achieves its goals while efficiently utilizing resources and maintaining alignment with stakeholder expectations, including employees, customers, and investors (Daft & Armstrong, 2023).

## 1.10. Organization of the Study

The study is structured into five chapters:

Chapter 1 introduces the research topic, provides a background of the study, and outlines the research aims and objectives. Chapter 2 reviews relevant literature on the concepts of competitive advantage, digital tools, and organizational effectiveness. Chapter 3 details the research methodology and design, including data collection methods and analysis techniques. Chapter 4 presents the findings of the study and discusses their implications. Finally, Chapter 5 concludes the study with a summary of key findings, recommendations for practice, and suggestions for future research.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. Introduction**

The review of literature provides a critical analysis of studies done on transformational leadership, digital transformation, and organizational efficiency with a special focus in the construction industry. The chapter establishes introduction to leadership for the study by describing leadership styles, digital transformation, and how they complement one another in terms of organizational performance. As environments of businesses are becoming more complex with the pace of development in technology, transformation and adaptability leadership orientations are essential.

### **2.2. Overview of Leadership**

Leadership plays a key role in influencing the behavior of individuals and organizational achievement. It is the ability to lead and move others toward goal achievement, setting vision for an organization or team and motivating others to embrace the vision (Northouse, 2021). As (Antonakis & Day,2018) describes, leadership involves leading a group towards goal attainment, setting direction, and inspiring behavior in the direction of these goals. It is a communication, relationship-building, and decision-making social process that requires emotional intelligence, flexibility, and strategic thinking. Leadership has been described variously by researchers. (Boyatzis, Smith &Beveridge,2022) defines leadership as the process of directing a group to goal attainment in a way that creates unity in the organization. Leaders achieve this by mobilizing personal characteristics such as values, beliefs, knowledge, skills, and experience to energize action and bring about change. (Antonakis & Day ,2018) broadens this definition by indicating that leadership is a process of setting group objectives, motivating actions to achieve these objectives, and designing the group's culture. According to (Haslam,Reicher&Platow,2020) offers a relational perspective with the definition of leadership as the power to have followers work towards goals that are consistent with the values, motives, and aspirations of leaders and followers. It highlights the active interaction between leaders, followers, and their environment. In modern conceptualizations, leadership is being understood as more of a strategic endeavor transcending formal authority. (Riggio,2017) argues that effective leaders transcend day-to-day managerial tasks by establishing a compelling vision,

making strategic decisions, and motivating others to work with intention and purpose. This definition situates leadership at the core of organizational transformation and innovation. According to (Rosenbach, Taylor & Youndt, 2018), a pragmatic view defines leadership as the art of empowering people to produce outcomes that would not otherwise result. It involves putting into action desirable activity and preventing undesirable evolution. This definition reflects the active and preventative nature of leadership. Similarly, (Bratton, 2020) refers that leadership may be in formal or informal frameworks, affirming that influence can either be direct or indirect through an organization. (Haslam, Reicher, & Platow, 2020) affirm the proposition by drawing a line between influence and compliance. They assert that authentic leadership is in its ability to create voluntary commitment rather than exercising power. Effective leadership need not be limited to top positions and may erupt at any moment in an organization. Leaders must be cognizant of and use their strengths, their subordinates' strengths, and the situation at hand in order to achieve objectives. (Côté, 2017) identifies emotional intelligence as a primary role in leadership, with effective leaders described as possessing self-awareness, empathy, drive, and effective communication skills. All these are qualities required to build trust and cooperation in groups. The ability to adjust leadership styles in accordance with different settings is the property that makes great leaders who they are.

### **2.2.1. Leadership Styles**

Leadership style is one main factor that determines how the leaders relate to their subordinates, how they make decisions, and consequently guide their organizations to Success.

The styles reflect a leader's personality, behavior, and capabilities in the manner in which they go about inspiring and leading their teams (Mitonga-Monga & Coetzee, 2012). According (Mitonga-Monga & Coetzee 2012) have also described leadership style as the combination of the behavior and action of a leader employed to speak to subordinates in an effort to achieve set goals. (Harris et al., 2007) adds that leadership style may also be task-oriented or people-oriented, as there are leaders who place importance on delivering tasks and performance, while other leaders prioritize their people's welfare and growth. This distinction influences the leader's effectiveness and the work culture they create. Leadership style is a mode of leading others by a leader. It is a reflection of their liking, values, and beliefs about good leadership and influence. There are various leadership styles that can significantly affect the dynamics, productivity, and culture of an organization or team in varying manners (Arthur bwalya, 2023).

Harris et al.,2007) refer to a number of leadership styles, which are: (1) Autocratic leadership, (2) Democratic leadership, (3) Laissez-faire leadership ,(4) Transactional Leadership, and (5) Autocratic leadership

### **1. Autocratic Leadership**

As described by (Demirtas & Karaca ,2020), this style as one that is characterized by the main central authority, decisions being made unquestioningly and the motive of subordinates by a series of threats, punishments, and rewards.

This style of leadership will usually emphasize control and stringent adherence to instructions at the cost of cooperation and communication. (Mirayani et al ,2019) further point out that autocratic leaders solely rely on outside stimulation—punishments and rewards—rather than real staff motivation or empowerment. (Cherry ,2018) further points out that while such leadership might assure efficiency and neatness, it is prone to inhibit creativity and kill personal initiative due to its vertical flow of communication. Further, (Cherry,2015) chronicles that businesses led by autocratic leaders tend to have high levels of turnover and absenteeism, which reflect employee discontent. (Wachira, Gitumu & Mbugua ,2017) note that these leaders not only make decisions unilaterally but also issue detailed directives on how work is to be done, leaving workers limited input or autonomy. This kind of one-sided approach has (Ovarhe's ,2016) been an issue of concern that leadership should be shared by all in the organization rather than being a monopoly by a single authority.

### **2. Democratic Leadership**

This is another form of leadership termed participative leadership, which is the process of leading in which leaders involve team members in the decision-making, encourage open communication, and come to consensus on important issues (Yukl ,2013).

According to (Yukl ,2013) defines participative leadership as centered on mutual respect, shared responsibility, and common problem-solving, which allows employees to contribute meaningfully to organization decisions. Openness in this style not only delegates power to subordinates but also increases trust and cooperation among teams. (Henri ,2016) adds the concept that delegating confers a sense of equity and increases employees' personal growth and self-fulfillment by holding them accountable for the work. Similarly, (Raja, Furqan,& Khan

,2016) believe that when workers are well-trained and actively engaged, their performance is enhanced, and hence organizational productivity is boosted. (Fiaz et al.,2017) lend credence to the idea by observing that democratic leaders are normally approachable, caring, and open to taking advice from the team. Notwithstanding its numerous benefits, however, there are possible demerits, according to some researchers.(Jony et al ,2019) argue that democratic leadership will result in delays in decision-making due to the time required to solicit input and build consensus. Moreover, (Al-Malki et al.,2018) and (Gandolfi & Stone,2017) also observe that democratic leadership will be effective only if it boosts employee motivation and enables organizations to achieve their goals.

### **3. Laissez-Faire Leadership**

Laissez-faire leadership, as defined by (Song et al.,2021), involves a hands-off approach to leadership whereby leaders give minimal direction and offer employees sufficient autonomy in making decisions and scheduling their own work.

It is based on the assumption that individuals are self-driven and can complete their tasks without day-to-day supervision. Implemented in situations with skilled and self-directed staff, it has the potential to foster innovation, autonomy, and creativity. (House&Shamir,2013) identify that while this style of leadership promotes independence, it requires high trust in the capacity of employees to avoid misinterpretation or poor performance. (Darwish,2024) adds that laissez-faire leadership has usually been practiced in modern organizational settings due to its effectiveness in encouraging initiative and self-management. However, effectiveness in this style largely rests on the character of interaction between groups and leaders. As (Buch, Martinsen, & Kuvaas,2015) argue, negative leader–member exchange relations under this type of leadership can lead to disengagement, poor direction, and decreased organizational commitment. Therefore, while laissez-faire leadership may advantage in the proper setting, it must be practiced with clear expectations and mutual trust so that it brings positive returns.

### **4, Transactional Leadership**

Transactional leadership or managerial leadership is a formal, performance-oriented style relying on clearly defined roles, duties, and expectations (Odumeru & Ifeanyi ,2013) .It is an exchange principle based on rewarding people for doing their job requirements and punishing them for not meeting expectations. (Burns,1978), the creator of the theory, described it as a

leadership model of mutual benefit, where compliance is exchanged for tangible rewards such as promotion, increases in salary, or job security. It is most applicable to situations where routine operations, discipline, order, and strict adherence to rules are paramount. (Bo Dong,2023) points out its utility in maintaining organizational stability and ensuring effectiveness in the performance of tasks. (Odumeru & Ifeanyi,2013) add further that transactional leaders stress monitoring and control of performance and use penalties and incentives to drive results.

However, this is not without criticism. (Brown & Thoranton,2013) argue that transactional behaviors falling short of "true" leadership because it stresses managing in place of inspiring. Similarly, (Hargis et al.,2001) note that this style often seeks to reduce lower-level needs by focusing on task-specific performance and short-term achievement. Even though transactional leadership can foster consistency and accountability, it limits creativity and long-term innovation within teams.

## **5. Transformational Leadership**

Transformational leadership is a powerful style that works to inspire and energize employees to exceed their own goals and achieve common organizational goals(Trmal et al ,2015).this leadership style is founded on the ability to create shared vision, encourage innovation, and create an ownership and empowerment spirit in teams.

Transformational leaders are likely visionaries who lead by example, encouraging collaboration and innovation are highly valued.By focusing on growth and development of their followers, transformational leaders create an environment that not only inspires individuals but also enhances organizational performance (Trmal et al ,2015).As leaders work to connect the aspirations of their team members with the overall mission of the organization, they elevate employee engagement and foster a strong commitment to achieving collective goal(Khan et al., 2018).

## **2.3. Organizational Performance**

Organizational Performance is one of the most important issues in literature and managerial usage. It is generally related to how well an organization performs its activities as regards meeting its objectives, particularly in time, in relation to its set strategic goals as well as

stakeholder expectations (Anwar, 2021). The concept is, however, complex and is not clearly defined as it involves different performance aspects and measurement/evaluation methodologies used within different organizations and context (Ion & Criveanu, 2016).

Different researchers focus on different aspects of organizational performance. (Gavrea et al. ,2011) divide performance into three primary areas: market performance, financial performance, and shareholder return. These dimensions provide specific criteria which organizations strive for in order to achieve success and surpass the organization's strategic goals. To add on, organizational performance domain also incorporates behavioral factors related to employees and task execution. (Kalogiannidis,2021) stresses the importance of person's input and states that performance evaluation is often about how well a person does the tasks given to him. This captures the organizational performance in a broader sense and additionally indicates the role of human capital in the institutional achievement.

Furthermore, leadership has a crucial impact on performance outcomes. (Al-Malki & Juan, 2018) claimed that purposeful leaders have a fundamental role in creating high-performing teams by setting collective standards and navigating attendees through the organizational challenges. Their findings imply that leadership goes beyond just management and serves to unify the organization, thus enhancing efficiency. Its subjective character is also partly the reason why there has been ongoing debate in literature as to how it should be measured and defined. (Scott & Davis ,2015) point to the lack of a common framework for measuring performance. This ambiguity demands that organizations adapt performance indicators in line with their unique goals, operational environment, and anticipated aspects from their stakeholders.

Organizational performance also crosses over with the broader vision of organizational effectiveness. According to (Morin & Audebrand, 2014), not only is performance a matter of outcomes, but also in how effectively resources are used, how adaptive the organization is to change, and how well the internal strengths align with external pressures. To that effect, leadership, flexibility, and creativity emerge as essential drivers in realizing long-term performance and relevance.

## **2.4. Theoretical Foundations: the research**

Leadership is essential to succeed in the fast-paced construction sector, where digital transformation is essential to maintaining competitiveness. The effect of transformational leadership on organizational leadership is examined in this research, with a focus on how it propels Sunshine Construction's embrace of digital technologies. The Transformational Leadership by (Bass ,1985) ,Digital Transformation foundation by(Vial ,2019) and Relational Leadership by (Burns,1978) offer a strong foundation for this investigation. When taken as a whole, these theories show how leadership may successfully negotiate the challenges of digital transformation in construction companies.

### **2.4.1. Transformational Leadership**

According to Bernard M. Bass's definition of transformational leadership from 1985, leaders that inspire followers to go beyond their current responsibilities and connect with a larger organizational goal are igniting their passion and purpose. Bass listed four essential elements:

#### **I. Idealized Influence(II)**

Idealized Influence also known as charismatic leadership is an inherent trait of transformational leaders. Leaders that shows this trait serve as moral role models, gaining the respect, admiration, and trust of their followers via moral conduct and an unwavering dedication to company objectives (Northouse, 2021). According to researchers, defines idealized influence as consisting of two factors: followers' attributions and the leaders' behaviors. Idealized influence leaders are perceived as dependable, courageous, and willing to make planned risks for their organization's welfare. Idealized influence entails leaders who are ideal models for their followers due to their great capabilities and high standards of morals in behavior (Antonakis & Day,2018).

#### **II. Inspirational Motivation(IM)**

The second element of transformational leadership, inspirational motivation, involves expressing a compelling future vision that inspires followers to strive toward shared goals. Strong commitment and excitement are fostered among employees by leaders who exhibit this trait by communicating high expectations and a meaningful purpose (Northouse, 2021). These

leaders encourage tenacity and raise performance above expectations by demonstrating faith in their team's capabilities and coordinating personal ambitions with corporate objectives (Ng, 2022). Such leaders cultivate a positive emotional climate by continuously reinforcing the significance of the team's contributions and ensuring that each member feels valued and connected to the broader mission (Banks et al., 2016). They often promote a sense of purpose by delegating responsibilities strategically and offering continuous encouragement, which enhances employees' understanding of the organization's vision (Antonakis & Day, 2018). As a result, individuals begin to view their roles as essential to collective success, developing both optimism about the future and motivation to engage deeply in present responsibilities (Khan et al., 2021)..

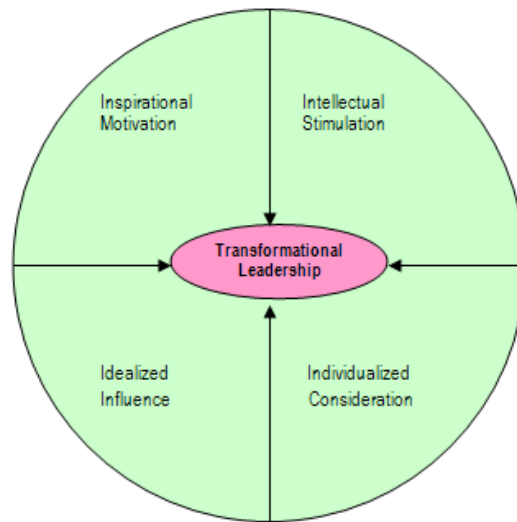
### **III. Intellectual Stimulation(IS)**

Transformational leaders lead to inspire creativity and innovation by pushing followers to think critically and consider alternative approaches to problems is reflected in intellectual stimulation. Leaders show traits to create an environment where questioning assumptions, experimenting with ideas, and learning from failure are not only accepted but actively encouraged. Rather than simply providing answers, these leaders challenge their team to reflect, evaluate, and engage with tasks from different perspectives. According to (Alrowwad et al. ,2020), this kind of leadership fosters innovative behavior by pushing individuals beyond routine thinking and stimulating their curiosity. Research by (Saad & Abbas ,2021) further supports this view, showing that employees are more likely to generate fresh ideas and contribute meaningfully when they feel their perspectives are valued. Such leaders promote confidence by supporting autonomy, asking thoughtful questions, and showing appreciation for unconventional thinking. Additionally, (Asbari et al. ,2023) found that intellectual stimulation plays a central role in empowering individuals psychologically.

### **IV. Individualized Consideration(IC)**

Individualized consideration demonstrated by leaders consists of leaders' understanding the particular needs, strengths, and aspirations of their followers(Ng,2022).The managers who exhibit such behavior act as coaches or mentors by offering personalized guidance and encouragement to help the individuals in reaching their optimal potential (Asbari et al.,2023). This would establish a two-way communication environment where the employees feel valued

and empowered, and thus more committed and satisfied at work. Individualized consideration is characterized by active listening, recognition of individual contribution, and structuring development opportunities uniquely tailored to the development of each follower (Hao et al.,2020).



**Source: management study guide(MSG)**

Figure 2.1: Model of Transformational Leadership

## 2.4.2 Relational Leadership

Relational leadership, by (Burns, 1978) definition, is a two-way process whereby leaders and followers inspire one another to be more ethically and emotionally accountable. Relational leadership is very suitable within the construction industry, where established procedures and hierarchical structures can suppress change, because it places a strong focus on trust and shared values, as opposed to top-down practice. As Burns explains, good leadership foster two-way relationships that satisfy individual interests with organizational goals.

Relationship leadership is necessary to ensure the adoption of digital technologies. Alignment of digital objectives with the interests of the employees also results in cooperation. Improved performance through the assistance of digital system can end midnight journeys by suppliers. Transformational leadership is strengthened through relational leadership through motivating visionary change within relationships. This takes place through shared purpose and mutual respect, and a passion for digital technologies.

### **2.4.3 Framework for Digital Transformation**

A systematic method to comprehending digital transformation as a three-act process spanning digital tools, processes, and people is provided by (Vial, 2019) Digital Transformation Framework.

In the construction industry, DT has evolved at a slower pace than in industries like manufacturing or finance, primarily due to industry fragmentation, reliance on traditional practices, and project-centric operations (Harty, 2005; Nawi et al., 2014). Yet, in recent years, there have been greater uses of tools such as BIM, ERP systems, and digital workflow technologies, particularly in firms that are seeking to improve coordination and reduce inefficiencies (Samuelson & Björk, 2014; Parida et al., 2019). Through the adoption of digital technologies, firms can better coordinate their operations, reduce costs, and improve decision-making. When businesses adopt these digital tools, they depart from traditional practices and adopt more harmonized and efficient systems, fostering a culture of continuous improvement and innovation (Zhang & Chen, 2023). In Sunshine Construction, in which hiring the latest technology is only the start of a deep transformation, this practice is very much applicable. More than new tools, Vial says, are needed to fuel true change, and that includes aligning new tools with re engineered processes and a supportive corporate culture.

#### **I. Digital Tools**

The application of computer software is key to organizations that want to become more efficient, innovative, and competitive. Software such as AutoCAD, Eagle Point Software, Peachtree Accounting, and Enterprise Resource Planning (ERP) systems is at the core of modern business processes. Each of these programs has a unique role in improving organizational efficiency.

##### **AutoCAD**

AutoCAD is a powerful tool widely used in construction and engineering for creating precise and detailed technical designs. "It allows creation not just for normal drawing. Logically connected fragments can be placed on the allocated layers or grouped in compound objects. And we consider them as a whole entity. AutoCAD "remembers" position, size, color of the constructed objects and writes down this data in an internal database for their subsequent

search, analysis, and processing. AutoCAD can function with a wide range of personal computers and graphic workstations under control of various operating systems.”(Ozkaya ,2018).

According to (Aris,2001) identifies, proficiency in the core fields of Information Technology and Telecommunications is essential for success in technology fields. Integration of computer aids such as AutoCAD maximizes productivity as a result of the absence of human errors and better collaboration. The software enables the logical organization of design components, with objects being able to aggregate, analyze, and change efficiently. AutoCAD's data storage and processing facility of the design enhances operational efficiency, enabling organizations to be precise in carrying out projects (Badri et al., 2014).

## **ERP**

" ERP stands for enterprise resource planning. ERP is communicating the data collected from many sub-sources into a single system" (Oracle, 2020).By integrating data and streamlining processes, ERP systems contribute significantly to operational excellence and business agility (Addo-Tenkorang. & Helo., 2011).

ERP systems enables businesses to handle and consolidate various departments, for instance, finance, human resources, supply chain, and customer relations. With all the information consolidated into one system, ERP systems will allow various sections of the business to speak and work as a whole. This consolidation will allow standardization, hence making the business work more efficiently and allowing managers to make the right decisions based on real-time information (Addo-Tenkorang.& Helo., 2011).

ERP systems automate standard work, thus giving the staff more time to focus on important activities. ERP systems can grow alongside the business, meeting the needs of the growing organization. ERP systems are also founded on industry best practices, which help businesses remain competitive in today's dynamic business environment. By improving procedures and providing valuable insights into performance, ERP systems help businesses perform better in decision-making, which results in greater success (Madanhire.and Mbohwa., 2016).

## **Peachtree**

Peachtree, with its over 20-year history, has emerged as the choice of small businesses, especially after it was acquired by Sage Group Plc. It is available in different forms, such as First Accounting, Pro Accounting, and Premium Accounting, to meet the diversified needs of businesses. Despite its ease of use, the 2007 version was not compatible with Vista, and so Sage made a Vista-compatible version for 2008. Peachtree also provides additional services like unlimited support and updates for payroll taxes. While it is easier to use than some like QuickBooks, it is not as sophisticated as larger organizations need and is more appropriate for smaller organizations looking for easy-to-use accounting systems (Savory, 2007). But compared to more industrial-strength applications like QuickBooks or ERP packages, Peachtree is still maybe too constrained for organizations with very complex and highly customized accounting requirements.

### **Eagle Point**

According to CEM Solution, Construction Engineering and Management website ,Eagle Point (Road Calc) is a widely used design and analysis software, predominantly employed by big companies developing road infrastructure projects. It is a bundled software with Autodesk AutoCAD that helps engineers and surveyors manage simple and complex road designs, generate plan and profile drawings, curve geometry information, and cross-section sheets based on international standards. It is also crucially essential for site works like cutting or filling in ongoing projects, with correct calculations for final road levels (FRL), subgrade levels, and super elevation details, and thus it is a very important tool for road construction and design.

## **II. Digital Competence and Support(People)**

Digital competence refers to the ability of an organization to access, build, and leverage digital skills, technology, and infrastructure to achieve business goals. Competence is not just the availability of digital tools but also leadership and employees' knowledge and motivation to use these tools appropriately (Zaki, 2019). Leadership, IT functions, and external collaborators facilitate resilient transformation by connecting digital capabilities and business strategy (Bresciani et al., 2021).

### **III. Digital Workflow Integration(Process)**

Workflow integration involves integrating digital processes within departments to support seamless work. It includes integrating digital strategies and business objectives, supporting effective communication, and facilitating the exchange of data. Successful integration allows instant decision-making, open operations, and project effectiveness (Gupta & George, 2016).

In construction, with construction delivery founded on multi-party collaboration, workflow digital integration can reduce fragmentation, boost accountability, and ensure better quality assurance. Regardless of this, cultural resistance to change and inter-organizational silos do obscure integration (Nawi et al., 2014). The use of digital workflows in the construction industry allows collaboration between design and production teams in real-time, reducing errors and boosting efficiency (Chien & Barthorpe, 2010).

#### **2.5 Empirical Evidence Supporting the Theoretical Foundation**

Most industries have substantiated empirically leadership's transformational power in organizational achievement, and the construction industry has provided strong evidence in particular. According to (García, 2012) study of Spanish construction companies, the application of transformational leadership behaviors is directly related to increased innovative ability, and this in turn results in a surprising 23% boost in project efficiency indicators. A longitudinal investigation by (Aga, 2016) of 67 engineering firms provides further evidence for this evidence, illustrating how the capacity of transformational leaders to encourage proactive problem-solving orientations within teams significantly minimized delays in projects. (Wang and colleagues, 2011) conducted a robust meta-analysis of 117 independent investigations that further highlighted collectively the influence of the styles of leadership. They demonstrated that transformational leadership repeatedly yields increases of more than 20% in organizational profitability and staff productivity.

Sector-specific research illustrates how leadership style and technology take-up are inextricably entwined. According to the research done by (Hosseini's, 2018), Australian construction companies with transformational leadership utilized BIM 40% earlier than transactional leadership companies. Intellectual stimulation approaches were especially beneficial in addressing resistance through pilot project strategies. (Ozorhon & Karahan's, 2017) findings from Turkish contractors were just as dramatic, implying that companies with

transformational leadership profiles had three times greater likelihood to implement AI-based scheduling systems. These sector-level conclusions are underscored by cross-sector research conducted by (Can,2021) that recorded how manufacturing environment transformational leaders were able to effectively implement IoT adoption through clever mapping of new technologies to realistic needs and basic values of employees.

A lot of empirical evidence supports the mediating role of digital transformation in linking leadership strategies and concrete organizational outcomes. Digital transformation processes accounted for 65% of the linkage between project success and leadership effectiveness, according to (Theng ,2021) research of IT companies. ERP system implementation was revealed to be a powerful way of increasing the impact of leadership through workflow automation. This research agrees with( Kane ,2019), who found that companies making use of sophisticated digital technologies, such as cloud collaboration tools, in addition to good leadership could decide 30% faster, putting them at a significant competitive edge.

There are some field studies that provide useful insights for transferring these concepts into the construction setting. According to a study by(Harbani et al,2021)on Malaysian construction sites' acceptance of drone technology, relational leadership methods combined with participative crew involvement in experiments of new technology reduced the rate of implementation resistance by 40%. Similarly,( Philip,2021) study showed the strength of emotionally intelligent change management by demonstrating that, as opposed to the traditional directive approaches, leaders who openly acknowledged and addressed workers' fear of new technologies had 50% more training completion rates.

Collectively, these empirical findings present Sunshine Construction PLC with a compelling image of transformation procedures. The 20%+ productivity gains offered with Bass's transformational leadership approach are quantifiably a convincing choice for ERP system implementations (Wang et al., 2011). Particularly when ideosyncratically applied in workers' safety goals, the 40% reduction in resistance achieved with Burns-inspired relational techniques (Harbani et al., 2021) is useful reading for BIM adoption initiatives. In the meantime, (Kane ,2019) found that using digital tools accelerated decision-making by 30%, which is a sound business case for AutoCAD integration and like endeavors. The empirically tested discovery identifies, therefore, that Sunshine Construction can capitalize on the value-

alignment methods proven to be effective in Can's cross-sectional findings and replicate the pilot-project regimes proven to work in Hosseini's study with success.

## **2.6 Research Gap**

There exists a vast research gap between transformational leadership and digital transformation (DT) in the construction industry. As much as DT has been established to enhance business performance and organizational effectiveness, limited empirical investigations have been made to verify the way DT acts to facilitate the linkage. Based on an investigation of the way DT can contribute to project delivery, cost savings, and satisfaction among stakeholders, the research strives to fill the gaps. It also seeks to address the necessity of a contextualized approach for DT and the challenges specific to the built environment, such as legacy systems and cultural resistance. The goal is to develop a model that explains how DT mediates these results, explores how DT enablers and leadership behaviors interact with each other, and evaluates the most effective leadership strategies for facilitating DT adoption

Digital transformation (DT) in the construction industry. Although DT has been demonstrated to enhance operational effectiveness and organizational performance, little empirical research has been done to determine how DT mediates this link. By investigating how DT might improve project delivery, cost effectiveness, and stakeholder satisfaction, the research seeks to close these gaps. It also seeks to address the requirement for a contextualized approach to DT and the hurdles unique to the construction setting, such as legacy systems and cultural inertia. The objective is to develop a comprehensive model that explains how DT mediates these outcomes, looks at how DT enablers and leadership behaviors interact, and evaluates the most effective leadership tactics for encouraging DT adoption.

## **2.7. Conceptual framework**

The conceptual framework suggests that transformational leadership is a critical driver of digital transformation, which in turn leads to enhanced organizational performance in large organizations. Digital transformation acts as a mediator between transformational leadership and organizational performance. Ultimately, the framework indicates that large organizations led by transformational leaders are better positioned to achieve superior performance outcomes.

### 2.7.1 Conceptual Model

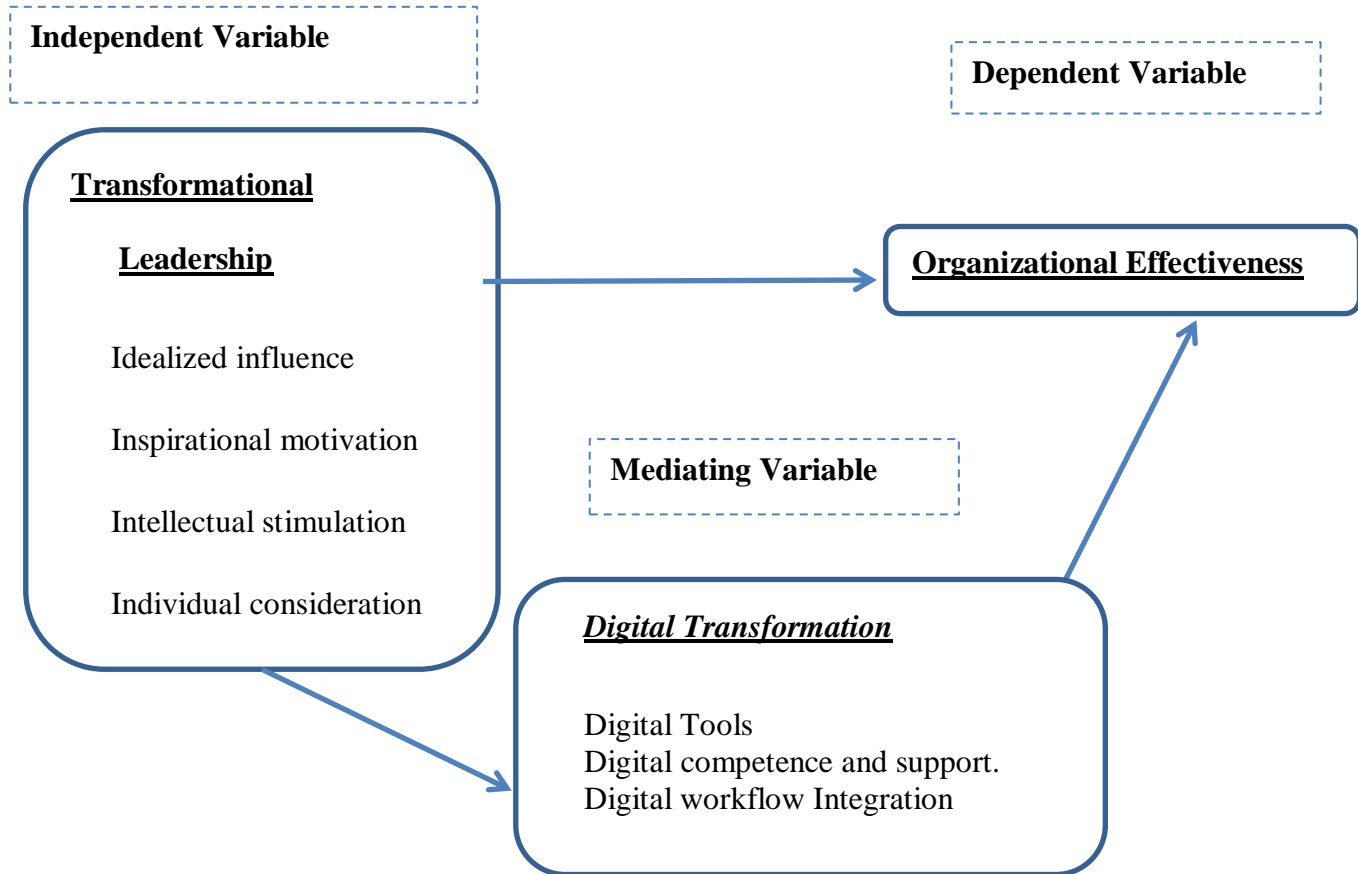


Figure 2.2: Conceptual Framework

# **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

## **3.1. Introduction**

This chapter delineates the study area, research design, and methodology employed to investigate the impact of transformational leadership on organizational effectiveness through digital transformation at Sunshine Construction Head Office. The study adopts a quantitative research approach with an explanatory design to explain the relationships among transformational leadership, digital transformation, and organizational effectiveness.

## **3.2. Description of the study area**

This study is specifically focused on the effects of transformational leadership on organizational effectiveness through digital transformation in Sunshine Construction, one of the known construction firms in Ethiopia. The research is focus to the company's head office, which functions as the central coordinating body for strategic decisions, resource allocation, and organizational planning.

Data for the study will be collected exclusively from departments within the head office to assess, data will be gathered from several departments within the head office, including the Finance Department, Human Resources Department, Procurement and Supply Department, Construction Department, Equipment Administration and Maintenance Department, and the Information Technology Departments reflects the perspectives of key managerial and operational units responsible for implementing leadership initiatives and digital systems. The selection of the head office allows for the inclusion of highly relevant professionals who have firsthand experience with organizational policies, digital workflows, and leadership interactions.

## **3.3. Research Philosophy**

This study was followed a positivist philosophical approach. which makes the assumption that social realities for three variables such as transformational leadership, digital transformation and organizational effectiveness can be measured, observed, and examined objectively. Because positivism places a strong emphasis on using empirical data to analyze cause-and-effect relationships, it is a good fit for studies that seek to test theories and determine statistical

relationships between variables (Saunders et al., 2019).

Using this philosophical approach, the study collects accurate and quantifiable data from staff in various departments at Sunshine Construction's headquarters using quantitative techniques, particularly structured questionnaires and statistical analysis. The positivist approach guarantees impartiality and permits the researcher to maintain autonomy from the data under investigation.

### **3.4. Research Approach**

The study used quantitative research methods. This approach allowed the researcher to collect measurable data from various sources, contributing to clearer findings and better conclusions. This method is particularly appropriate for examining the hypothesized connections between transformational leadership, digital transformation, and organizational effectiveness, as it allows for the use of structured instruments such as questionnaires to gather data from a broad group of respondents (Creswell and Creswell ,2018).

By applying that approach, the researcher was able to measure across different departments at Sunshine Construction's headquarters. The findings are more trustworthy because of the structured nature of data collection, which also helped to ensure that responses were consistent and comparable.

### **3.5. Research Design**

Research design is the blueprint for fulfilling research objectives and answering research questions (John A.H. et al., 2007) It outlines systematic approaches for data collection and analysis, ensuring the study's relevance and efficiency. Researchers identify three primary types of research designs: exploratory, which focuses on uncovering new insights and ideas; descriptive, which aims to determine the frequency of events and relationships between variables; and explanatory, which seeks to establish cause-and-effect relationships among variables (Bhattacharjee, 2012).

An Explanatory research design was used to explore the cause-and-effect relationships among the variables. The focus is on understanding how transformational leadership influences organizational effectiveness, with digital transformation acting as a mediating variable (Baron & Kenny, 1986; Hayes, 2018). This design allows a systematic examination of interdependent

variables and offer a comprehensive understanding of how leadership style drive organizational outcomes within the context of Sunshine Construction's head office. Collect measurable data from various sources, contributing to clearer findings and better conclusions. It is appropriate for examining the proposed relationships and influences between transformational leadership, digital transformation, and organizational effectiveness recommended by (Creswell & Creswell ,2018).

### **3.6. Target Population and Sampling**

The study focuses on all employees and leaders working at the Sunshine Construction Head Office, totaling 105 individuals from the total population of 504 employees and leaders at both the head office and branches. Given the small population size of the head office, a census survey is used to include all 105 members from various departments and positions, ensuring comprehensive data collection and minimizing sampling error (Taherdoost, 2016) this design aligns with best practices for small populations.

### **3.7. Data Sources and Collection**

#### **3.7.1. Data Sources**

This study collect information using both primary and secondary data Primary data came directly from people in the organization through a structured questionnaire. According to (Sekaran, 2010), primary data are important for getting first-hand information. The questionnaire included simple and clear questions about leadership, digital innovation, performance, and personal details to ensure accurate answers. Secondary data came from both inside and outside the organization. Internal sources included company documents like policies and reports, while external sources included books, articles, and research from libraries and online. This helped support and explain the findings.

#### **3.7.2. Data Collection Methodology**

This study used primary data collected through a structured questionnaire distributed to all 105 selected participants. Primary data are collected through a structured questionnaire distributed to all 105 participants. The questionnaire includes items measuring transformational leadership (with sub-dimensions: Inspirational Motivation, Intellectual Stimulation, Idealized Influence,

Individualized Consideration), digital transformation (with sub-dimensions: Digital Tools, Digital Competence and Support, Digital Workflow Integration), and organizational effectiveness. This questionnaire contains demographic and 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) for management that have successfully employed surveys to gather quantitative data (Hosseini et al., 2018).

### **3.8. Study Variables**

This study examines both dependent and independent variables, with a mediating role assigned to digital transformation in assessing how transformational leadership influences organizational performance. The primary aim is to evaluate the effect of transformational leadership on organizational effectiveness from a digital transformation perspective, specifically in the context of Sunshine Construction's head office. The dependent variable of this study is organizational performance.

#### **Independent Variables**

Independent variables are variables that can influence the dependent variables, either directly or through digital transformation:

These are included the following key components:

- Inspirational Motivation
- Intellectual Stimulation
- Idealized Influence
- Individualized Consideration

#### **Mediating Variables**

Mediating Variables are variables to mediate the relationship between dependent variable and Independent Variable.

It is represented by three dimensions:

- Digital Tools
- Digital Competence and Support
- Digital Workflow Integration.

### 3.9 Validity and Reliability Analysis

#### 3.9.1 Validity Analysis

According to Creswell (2009), validity is the extent to which a research tool measures what it is supposed to measure. Validity of Content The extent to which a measuring instrument provides adequate coverage of the topic under study (Kothari ,2004).Content validity was used to ensure that the questionnaire properly reflected the dimensions of transformational leadership, digital transformational, and organizational effectiveness. This form of validity focuses on whether the items included in the instrument provide adequate coverage of the topic being studied. The questionnaire was carefully reviewed by academic advisors and subject matter experts to identify unclear or irrelevant items and confirm alignment with the research objective. To test the questions' structure, relevance, and clarity, a small group of participants participated in a pilot study. The necessary changes were made in response to expert evaluations and the feedback received from the pilot test. These procedures assisted in verifying that the completed questionnaire was appropriate, pertinent, and able to gather reliable data for the study.

#### 3.9.2 Reliability Analysis

Reliability refers to the consistency of a research instrument in measuring variables across different conditions or over time(Huck,2004). In this study, the internal consistency of the questionnaire was measured using Cronbach's alpha, a statistical method that evaluates the extent to which items within a given scale are interrelated, , which reflects the reliability of the scale (Huck,2004). A value of 0.70 or above was considered acceptable to indicate strong internal consistency.suggested four cut- of points for reliability, which includes show in the table below.

Table 3.1 Interpretation of Cronbach's Alpha

Number	Cronbach's Alpha	Internal Consistency
1	$\alpha \geq 0.9$	Excellent
2	$\alpha > 0.9$ $\alpha \geq 0.8$	Good
3	$0.8 \alpha \geq 0.7$	Acceptable

4	0.7 $\alpha \geq 0.6$	Questionable
5	0.6 $\alpha \geq 0.5$	Poor
6	0.5 $> \alpha$	Unacceptable

Source:(Huck,2004)

In this study, the final version of the questionnaire considered of 42 items of the research instrument was assessed by computing the Cronbach's Alpha result is 0.912. which, is shown in Table 3.1, indicates in this particular research the Cronbach's Alpha is excellent.

During the pilot phase, the reliability of the questionnaire was assessed to identify any weak or inconsistent items. Based on these results, necessary revisions were made to enhance the instrument's dependability. This ensured that the final questionnaire would yield consistent and trustworthy results when administered to the study participants at Sunshine Construction head Office.

Table 3.2 Cronbach's Alpha result

Independent Variable	Reliability
Idealized Influence	.711
Inspirational Motivation	.726
Intellectual Stimulation	.720
Individual Consideration	.722
Mediate Variable	Reliability
Digital Tool	.760
Digital Competence And support	.726
Dependent Variable	Reliability
Organizational Effectiveness	.822

Source:survey ,2025

### **3.10 Data Analysis**

The data collected through structured questionnaires were analyzed using descriptive , inferential and SEM analysis with the help of Statistical Package for the Social Science (SPSS version 27) (Shamoo & Resnik, 2003) and Jamovi version 2.6.26. Descriptive statistics such as mean and standard deviation were used to summarize the responses and examine the influence of independent variable on dependent variable. Frequency tables and percentages were applied to present the demographic characteristics of respondents. These tools helped in organizing the data in a meaningful way, detecting any inconsistencies, and providing a general overview of the study participants.

Inferential statistical techniques, specifically correlation and multiple regression analysis, were used to answer the research questions. Correlation analysis measured the direction and strength of relationships between transformational leadership, digital transformation, and organizational effectiveness. It showed whether increases in transformational leadership or transformation practices were associated with increases or decreases in organizational outcomes. Multiple regression analysis was used to examine how well transformational leadership and digital transformation could predict organizational effectiveness.

Structural Equation Modeling (SEM) used to examine the overall model fit and to assess how well transformational leadership and digital transformation collectively influence and predict organizational effectiveness, while also capturing the direct and indirect relationships among the key variables. Finally, detail interpretation and discussion of the results of the statistical analysis was provided. Finally, detail interpretation and discussion of the results of the statistical analysis was provided.

#### **3.10.1 Regression Analysis**

This study uses multiple linear regression analysis combined with mediation analysis (Baron & Kenny, 1986) model to investigate the relationships among transformational leadership, digital transformation, and organizational effectiveness at Sunshine Construction Plc. Both transformational leadership and digital transformation are conceptualized as multidimensional constructs comprising several interrelated factors. Therefore, the regression model incorporates multiple sub-variables under each construct to ensure a comprehensive analysis.

The following regression models are proposed:

**Model 1:** Regression of organizational effectiveness (Y) on both transformational leadership (X).

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

**Where**

Y is organizational effectiveness, and

X1 to X4 are the sub-dimensions of transformational leadership (Inspirational Motivation, Intellectual Stimulation, Idealized Influence, Individualized Consideration).

**Model 2:** Regression of organizational effectiveness (Y) on both transformational leadership (X) and digital transformation (M).

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5M_1 + \beta_6M_2 + \beta_7M_3 + \epsilon$$

**Where**

M1, M2, and M3 are the sub-dimensions of digital transformation.

The use of multiple regression analysis involves two models to predict the impact of transformational leadership on organizational effectiveness. In the first model, transformational leadership directly predicts organizational effectiveness. In contrast, the second model identifies that transformational leadership predicts organizational effectiveness through digital transformation.

### **3.11 Ethical Considerations**

The study adheres to ethical guidelines to protect the rights and privacy of all participants. Informed consent is obtained from both employees and managers, ensuring they understand the purpose of the study and that participation is voluntary. Confidentiality and anonymity are maintained by securely storing data and ensuring individual responses cannot be traced back to participants. The research also complies with Sunshine Construction's internal guidelines and industry standards to ensure professionalism. Approval from relevant authorities is obtained to confirm ethical compliance (British Psychological Society, 2018).

The design and methodology serve as a framework for the study, guide for reaching the research goals. It's important to carefully plan this process to ensure the study is well-structured. This section description of the particular design the research in detail; the data sources and methods of collection, how the data will be collected, the target population, the unit of analysis, and the participants. It also describes the tools used for data collection, the types of instruments and their development procedure; the dimensions and corresponding measurement items; and data processing, analysis and presentation procedures.

# CHAPTER FOUR: RESULT AND DISCUSSION

## 4.1 Introduction

This chapter presents and analyzes the data collected from participants. The findings indicate a clear and meaningful connection between transformational leadership and organizational success within the context of digital transformation. The statistical results underscore the importance of transformational leadership in driving organizational performance, particularly in today's increasingly digital environment.

## 4.2 Demographic characteristics of the respondents

### 4.2.1 Response rate

This high response rate suggests that participants are highly engaged and eager to offer feedback. Given that quantitative questionnaires are frequently thought of as being simple and quick to complete, their use as the data collection method most likely contributed to the high response rate. All things considered, the survey's findings are quite trustworthy and indicative of the population under investigation.

Table 4.1 response rate

Method	Instruments	Distributed	Responded	Response %
Quantitative	Questionnaires	105	93	86.6

Source: Survey result, 2025

Table 4.1 Response Rate shows that 93 out of the 105 surveys that were sent out were returned, representing an 86.6% response rate. A 100% effective response rate was obtained by accounting for every questionnaire that was distributed.

#### 4.2.2. Demographic Profiles of the Respondents

The demographic profiles of the respondents enable a deeper understanding of the study's findings by highlighting significant trends and patterns in the data. By looking at demographic information like age, gender, education level, years of service, and employment, researchers can identify any potential biases or correlations that might have an impact on the study's conclusions. This meticulous approach to data collection raises the overall standard and dependability of the study's findings and provides useful information for future research in the field.

Table 4.2 below indicates that Sex of Respondents.

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Male	71	86.8	86.8	86.8
Female	22	13.2	13.2	100
Total	93	100	100	

Source: Survey Result, 2025)

This data suggests that the majority of the respondents in the survey were male, with only a small percentage being female. The significant difference in numbers between male and female respondents could potentially skew the results of the survey towards a more masculine perspective. It is important to consider this imbalance when analyzing the data and drawing conclusions.

Table 4.3 Age of respondents

Age Group	Frequency	Percent	Valid Percent	Cumulative Percent
18–25 years	17	6.6	6.6	6.6
26–35 years	35	40.7	40.7	47.3
36–45 years	39	29.7	29.7	77.0
Above 45 years	23	23.1	23.1	100
Total	93	100	100	

Source: Survey Result, 2025

The demographic data indicates that the majority of respondents at Sunshine Construction fall within the 26–35 years age group (40.7%), followed by those aged 36–45 years (29.7%), and above 45 years (23.1%), with the youngest group (18–25 years) making up only 6.6%. According to this distribution, the workforce is primarily middle-aged, which is frequently linked to a balance between professional experience and technological adaptability—a crucial quality in the context of organizational change and digital transformation (Ng & Feldman, 2015). According to research by van Dam (2017), employees in their 30s and 40s are more

likely to actively participate in learning opportunities and career development, particularly when transformational leadership is present. Additionally, a sizable percentage of workers in the prime working-age range of 26 to 45 may contribute to increased creativity, productivity, and responsiveness to leadership initiatives (Govaerts et al., 2016), making this demographic composition beneficial for maintaining organizational effectiveness.

Table 4.4 Educational qualification of Respondents

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
Below College Diploma	2	1.1	1.1	1.1
College Diploma	21	20.90	20.90	22.0
First Degree	64	70.3	70.3	92.3
Second Degree	6	7.7	7.7	100
Total	93	100	100	

Source: Survey result, 2025

The majority of Sunshine Construction PLC employees have a high level of formal education, according to demographic data on respondents' educational attainment. First degrees are the most prevalent educational category in the dataset, with 70.3% of the respondents having one. The next highest percentages are 20.9% with a college degree and 7.7% with a second degree. The workforce is primarily made up of people with tertiary education, as evidenced by the fact that only 1.1% of respondents have education levels below a college degree.

This distribution points to a workforce with a high level of education, which could improve organizational performance, particularly in an industry like construction that depends more and more on digital tools and technical know-how. Because transformational leadership practices and digital transformation strategies require a workforce that can comprehend and adjust to complex and changing organizational demands, the high percentage of employees with at least a first degree suggests a strong foundation for their implementation.

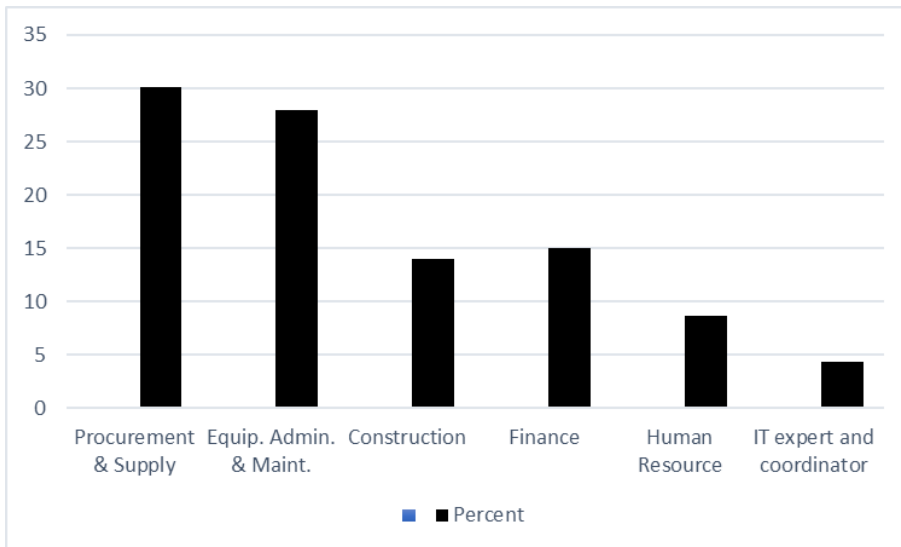


Figure 4.3: Work Occupation of the respondents..

Based on the company's demographic data on years of service, the majority of Sunshine Construction's staff—69.7%—have been there for more than five years, indicating a highly experienced workforce. This implies a loyal and steady workforce, which is good for preserving institutional knowledge and guaranteeing business continuity. People who have been with the company for two to five years make up the next largest group (18.7%), which suggests a good mix of mid-level experience that could spur innovation and operational improvements by bringing in new viewpoints.

Only 4.4% and 7.7% of respondents, respectively, stated that they had been in service for less than a year or one to two years. Slow hiring or low recent turnover may be the cause of this underrepresentation of more recent hires. In the end, the data indicates a business with sustained employee retention, which may enhance team cohesiveness and organizational culture. But it also implies that in order to guarantee flexibility and the transfer of knowledge across generations, continuous efforts to integrate and onboard new hires might be required.

Table 4.5 Years of service of respondents

Years of Service	Frequency	Percent	Valid Percent	Cumulative Percent
Below 1 year	3	4.4	4.4	4.4
1–2 years	10	7.7	7.7	12.1
2–5 years	20	18.7	18.7	33.6
Above 5 years	60	69.7	69.7	100
Total	93	100	100	

Source: Survey Result, 2025

The above figure 4.6 the years of service respondents, the majority of staff's respondents (69.7%) were years of service above 5 years followed by the years of service categories of 2 to 5 years, 1 to 2 years and below 1 years respectively with percentage scores of 18.7%, 7.7% and 4.4% in that order.

According to the respondents' years of service distribution, a sizable percentage of the employees have worked for the company for more than five years. This implies a degree of loyalty and experience among the employees that could have an effect on the organization's culture and general performance. More research on the relationship between duration of service and other factors like productivity, job satisfaction, and turnover rates would be intriguing. Furthermore, knowing the factors that influence workers' decisions to remain with the company for a long time may help develop effective retention tactics.

### 4.3 Descriptive Statistics

This section presents the findings of a survey conducted at Sunshine Construction Head Office in 2025 to examine descriptive statistics related to transformational leadership, digital transformation, and organizational efficacy. Respondents (N=93) scored statements on a 5-point Likert scale, with 1 denoting strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. Descriptive statistics, including mean scores and standard deviations, were calculated for evaluation. 0–1.5 (strongly disagree), 1.5–2.5 (disagree), 2.5–3.5 (neutral), 3.5–4.5 (agree), and above 4.5 (strongly agree) are the ranges for mean scores. To show the distribution of perceptions, the results are displayed in tables.

### 4.3.1. Transformation Leadership

#### Idealized influences

Table 4III.6 Descriptive Statistics for Idealized Influence

<b>Idealized Influence</b>	Mean	Std. Deviation
Leaders in your organization consistently model ethical behavior.	4.04	.440
Leaders set the same high standards for themselves that they expect of employees.	4.12	.529
Leaders communicate a clear and compelling vision that brings the team together.	4.00	.433
Leaders consistently demonstrate integrity in their decisions and actions.	4.18	.551
<b>GRAND MEAN</b>	<b>4.0</b>	<b>.488</b>

Source: Survey result, 2025

According to the descriptive statistics, respondents at Sunshine Construction PLC generally agreed on Idealized Influence, a crucial aspect of transformational leadership. On a 5-point Likert scale, the grand mean score of 4.0 indicates that workers believe their leaders are very moral, dependable, and forward-thinking. With the highest mean rating of 4.18, the item "Leaders consistently demonstrate integrity in their decisions and actions" highlighted the organization's leaders' dependability and moral foundation. According to Bass and Riggio (2006), idealized influence cultivates followers' respect and admiration, which is essential for establishing a solid leadership base in any organization. This finding is consistent with their findings.

According to the comparatively low standard deviations (0.433 to 0.551), there appears to be broad agreement among respondents regarding the company's views on ethical modeling and leadership integrity. The idea that transformational leaders at Sunshine Construction lead by example is supported by the statement, "Leaders set the same high standards for themselves that they expect of employees," which received a mean score of 4.12 with a standard deviation of 0.529. This is consistent with the findings of Kouzes and Posner (2012), who maintained that leaders must "model the way" in order to inspire followers and build credibility.

Additionally, the statement "Leaders communicate a clear and compelling vision that brings the team together" received a slightly lower (mean = 4.00) but still high score. This could indicate that although leaders are generally effective, strategic communication could be improved. (Conger and Kanungo ,1998) assert that transformational leadership is characterized by visionary communication, which aids in bringing organizational and individual goals into alignment. Thus, enhancing vision-sharing procedures may help Sunshine Construction's team become more cohesive and productive. All things considered, the evidence points to idealized influence as a strong leadership quality within the company that enhances organizational culture and employee motivation.

### **Inspirational Motivation**

Table 4.7 Descriptive Statistics for Inspirational Motivation

<b>Inspirational Motivation</b>	Mean	Std. Deviation
Leaders in your organization inspire and motivate you to achieve target performance.	4.29	.669
To what degree does your leader recognize and prioritize the importance of completing tasks effectively.	4.17	.717
How effectively does your supervisor take the time to assure employees of their potential to exceed established goals.	4.18	.607
How often do you notice that when you meet your leader's expectations, they express admiration or appreciation.	3.91	.880
<b>GRAND MEAN</b>	<b>4.08</b>	<b>.718</b>

Source: Survey result, 2025

The grand mean of 4.08 and the standard deviation of 0.718 from the descriptive analysis of inspirational motivation—a crucial element of transformational leadership—indicate that Sunshine Construction PLC employees generally strongly agree that their leaders actively inspire and motivate them. The statement "Leaders in your organization inspire and motivate you to achieve target performance" had the highest mean score (4.29), indicating that leaders are thought to be successful at inspiring and motivating staff members to meet performance targets. This result is consistent with research by Breevaart et al. (2016), who found that

transformational leaders who employ motivational techniques greatly increase staff members' zeal and dedication to accomplishing company objectives.

The information also reveals that leaders are thought to effectively prioritize and acknowledge task completion (mean = 4.17) and motivate staff to go above and beyond (mean = 4.18), both of which demonstrate the leaders' capacity to harmonize individual goals with those of the company. A culture of empowerment and ambition is fostered by leaders who communicate high expectations and demonstrate confidence in their followers' abilities (Dvir, Eden, Avolio, & Shamir, 2018). According to the study's responses, this culture has a positive impact on both job satisfaction and overall organizational performance.

With a mean score of 3.91 and the highest standard deviation (0.880), the item with the lowest rating was "How often do you notice that when you meet your leader's expectations, they express admiration or appreciation?" This implies that leaders' acknowledgment of staff accomplishments is viewed as inconsistent. According to Al Khajeh (2018), motivation can gradually decline in the absence of recognition, which is a fundamental component of inspirational motivation. It is advised that Sunshine Construction's leaders implement more regular and obvious appreciation procedures to strengthen staff motivation and drive in order to further develop transformational leadership.

### **Intellectual Stimulation**

Table 4.8 Descriptive Statistics for Intellectual Stimulation

<b>Intellectual Stimulation</b>	Mean	Std. Deviation
To what extent do the leaders in your organization create opportunities for innovative and creative problem-solving	4.14	,669
Leader supports experimenting with different digital approaches	4.11	.683
To what degree do leaders motivate you to view challenges from multiple angles.	4.05	.713
Leaders receptive to new ideas and strive to influence employees intellectually	4.10	.753
I guide my employees towards solutions by encouraging their own creative thought processes rather than providing direct answers,	4.17	.761
<b>GRAND MEAN</b>	<b>4.11</b>	<b>0.716</b>

Source: Survey result, 2025.

With a grand mean of 4.11 and a standard deviation of 0.716, the descriptive analysis for Intellectual Stimulation, a crucial aspect of transformational leadership reveals that employees believe Sunshine Construction PLC's leaders encourage creativity and intellectual engagement. The item with the highest rating, "I guide my employees towards solutions by encouraging their own creative thought processes rather than providing direct answers" (mean = 4.17), indicates that leaders are seen as enabling employees to think independently and solve problems creatively. This corroborates the findings of Wang et al. (2016), who pointed out that transformational leaders who promote independence and intellectual stimulation typically improve an organization's capacity for creativity and problem-solving.

Furthermore, the importance of leadership in fostering a culture of experimentation and ongoing learning is further highlighted by other highly rated items like "To what extent do the leaders in your organization create opportunities for innovative and creative problem-solving" (mean = 4.14) and "Leader supports experimenting with different digital approaches" (mean = 4.11). These results are consistent with those of Garcia-Morales et al. (2018), who discovered that leaders who are intellectually stimulating play a major role in digital innovation and adaptability, particularly in situations that are technologically advanced and dynamic, like the construction sector.

Though still high, the statement "To what extent do leaders motivate you to view challenges from multiple angles?" had the lowest mean score (4.05) of all the items, suggesting that multidimensional thinking could be encouraged more effectively. This finding implies that although leaders are effective in promoting creativity, they might gain from further formulating plans to broaden workers' analytical horizons. Leaders who continuously push staff members to reconsider presumptions and take into account different points of view cultivate a learning-oriented and resilient organizational culture, which is crucial for sustaining long-term effectiveness in the face of difficult problems, claim (Eisenbei and Boerner ,2016).

### **Individualized Consideration**

Table 4.9 Descriptive Statistics for Individualized Consideration

<b>Individualized Consideration</b>	Mean	Std. Deviation
Leaders provides one-on-one coaching to support my development.	4.22	0.720
Leaders provides personalized feedback to help me improve.	3.78	1.150
To what extent do you feel that your leaders recognize and consider your individual strengths and needs.	4.16	.811
Leaders effectively mentors' subordinates to learn new skills.	4.11	.800
To what extent do you agree that leaders show genuine concern for employees' career growth and well-being	4.19	0.753
Leaders recognize individual's unique contributions to the team.	4.27	0.610
<b>GRAND MEAN</b>	4.12	.807

Source: Survey result, 2025

A descriptive analysis of Individualized Consideration, a fundamental element of transformational leadership, shows a grand mean of 4.12 and a standard deviation of 0.807, suggesting that respondents believe their leaders provide them with a high degree of individualized support and attention. Employees appreciate being recognized for their unique efforts, as evidenced by the highest-rated item, "Leaders recognize individuals' unique contributions to the team" (mean = 4.27). This result is consistent with the findings of Breevaart and Bakker (2018), who claim that greater employee engagement and commitment are fostered by leaders' acknowledgment and personal support.

"Leaders provide one-on-one coaching to support my development" (mean = 4.22) and "Leaders show genuine concern for employees' career growth and well-being" (mean = 4.19) are two more highly rated items. These findings imply that Sunshine Construction PLC's executives make a concerted effort to support their staff members' professional and personal growth. In transformational leadership, this kind of personalized attention is essential because it fosters trust and long-term growth (Khan et al., 2020). Job satisfaction and organizational citizenship behavior have been found to be significantly predicted by developmental coaching and personalized mentoring (Choi et al., 2016).

The item "Leaders provide personalized feedback to help me improve" (mean = 3.78), on the other hand, has a comparatively lower score, suggesting room for improvement. Even though it is still fairly high, feedback seems to be less reliable or efficient than other types of tailored attention. Caillier (2016) asserts that in order to align employee goals with organizational objectives and reinforce positive behavior, it is essential to provide regular and constructive feedback. This disparity implies that while leaders are generally encouraging, improving feedback systems may improve both individual and organizational performance even more.

### 4.3.2. Digital Transformation

#### Digital Tools

Table 4.10 Descriptive Statistics for Digital Tools

Digital Tools	Mean	Std. Deviation
I regularly use ERP, AutoCAD, Eagle Point, or Peachtree Accounting in my daily tasks.	4.20	.802
The digital tools provided by Sunshine Construction meet my job needs.	4.15	.793
Leaders actively encourage me to adopt new digital systems	4.02	.791
I use digital tools to streamline routine tasks effectively.	4.13	.685
I find these tools easy to navigate and integrate into my work	4.14	.805
GRAND MEAN	4.13	.775

Source: Survey result, 2025

According to Sunshine Construction's descriptive analysis of digital tools, staff members have a positive opinion of how well digital tools are used in their day-to-day work. According to the grand mean, which is roughly 4.13, respondents generally concur that digital tools are effectively incorporated into their work processes. Digital tools are not only available but also commonly used in specialized professional tasks, as indicated by the highest-rated item, "I regularly use ERP, AutoCAD, Eagle Point, or Peachtree Accounting in my daily tasks" (mean

= 4.20). This result is in line with research by (Bughin et al.,2017), who stress that increasing productivity and operational efficiency in the engineering and construction sectors requires widespread use of digital tools.

The item "The digital tools provided by Sunshine Construction meet my job needs" (mean = 4.15), which indicates that the tools in place are in good alignment with employees' functional requirements, is another significant factor. A high degree of digital usability is also suggested by the mean score of 4.14 for "I find these tools easy to navigate and integrate into my work," which is crucial for user adoption and continued use. Usability and alignment with job functions are crucial success factors in digital transformation, according to (Vial ,2019). These factors allow organizations to connect technology investment with tangible employee engagement and performance outcomes.

A possible weakness in leadership's proactive promotion of digital culture is indicated by the comparatively low score for "Leaders actively encourage me to adopt new digital systems" (mean = 4.02). Although still encouraging, this shows that managers should place more emphasis on digital adoption. According to( Sebastian et al. ,2017), transformational leaders are essential in encouraging a culture of digital innovation because they inspire staff members to embrace and try new technologies. The company's digital transformation agenda could be further supported and a deeper integration of digital tools into everyday operations could be encouraged by improving leader-driven encouragement.

## **Digital competence and support**

Table 4.15 Descriptive Statistics for Digital competence and support

<b>Digital competence and support</b>	Mean	Std. Deviation
I have received adequate training on all required digital systems.	4.15	.744
The organization provides sufficient resources for developing staffs digital competence	4.27	.784
My supervisor supports me whenever I face challenges with digital tools.	4.26	.641
I use digital tools to streamline routine tasks effectively.	4.19	.784
Colleagues are willing to assist me in improving my digital skills	4.28	.665
<b>GRAND MEAN</b>	<b>4.23</b>	<b>.724</b>

Source: Survey result, 2025

Employees at Sunshine Construction have a positive opinion of the use and efficacy of digital technologies in their day-to-day work, according to the descriptive analysis of digital tools. According to the grand mean, which is roughly 4.13, respondents generally concur that digital tools are effectively incorporated into their work processes. Digital tools are not only available but also commonly used in specialized professional tasks, as indicated by the highest-rated item, "I regularly use ERP, AutoCAD, Eagle Point, or Peachtree Accounting in my daily tasks" (mean = 4.20). This result is in line with research by (Bughin et al. ,2017), who stress that increasing productivity and operational efficiency in the engineering and construction sectors requires widespread use of digital tools.

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### Digital workflow Integration

Table 4.12 Descriptive Statistics for Digital workflow Integration

<b>Digital workflow Integration</b>	Mean	Std. Deviation
Core workflows (approvals, reporting, data sharing) are handled digitally	4.41	.556
Digital systems are well-integrated across departments for seamless collaboration.	4.11	.634
Automated workflows have reduced paperwork and manual errors.	4.21	.582
I can access project information in real time through digital platforms	4.00	.489
Data transfers between systems occur without manual intervention.	3.95	.539
<b>GRAND MEAN</b>	<b>4.14</b>	<b>.560</b>

Source: Survey result, 2025

According to Sunshine Construction's descriptive analysis of digital workflow integration, staff members have a positive opinion of the efficiency and deployment of digital workflows. A strong adoption of digital systems in critical operational areas is indicated by the highest-rated item, "Core workflows (approvals, reporting, data sharing) are handled digitally," which has a mean score of 4.41. This supports the findings of (Kane et al. ,2015), who stress the importance

of integrating digital workflows to improve operational efficiency and organizational agility. Decision-making speed is increased and bureaucratic delays are significantly reduced when approval and reporting procedures are automated.

Employee recognition of the observable advantages of automation is demonstrated by the statement "Automated workflows have reduced paperwork and manual errors," which received an average score of 4.21. The item "Digital systems are well-integrated across departments for seamless collaboration" also received a respectable score of 4.11, indicating that although integration is in place, cross-departmental digital cohesion may still be able to be improved. According to (Verhoef et al. ,2021), adopting technologies is only one aspect of a successful digital transformation; another is integrating them across functional units to create a synchronized digital ecosystem.

The lower mean scores of 3.95 for "Data transfers between systems occur without manual intervention" and 4.00 for "I can access project information in real time through digital platforms," however, point to areas where the organization's digital maturity could be improved. Better interoperability and real-time data accessibility are essential for data-driven decision-making, as these findings demonstrate (Henfridsson et al., 2018). Closing these gaps can improve the efficiency of digital workflows, lower operational latency, and promote a more flexible project management culture.

### **4.3.3 Organizational Effectiveness**

Employees strongly agree that leadership and digital efforts improve organizational performance, as evidenced by the survey findings, which are summarized in Table 4.12. Mean scores vary from 4.00 to 4.06, all falling within the Agree range (3.5–4.5). Response consistency is modest, according to standard deviations (0.355–0.780). Using survey data and pertinent literature, this research expands on these findings under the headings of performance, productivity, and coordination to offer a thorough grasp of Sunshine Construction's organizational effectiveness.

Table 4.13 Descriptive statistics for Organization Effectiveness

<b>Item</b>	<b>Mean</b>	<b>Std. Deviation</b>
My leader should provide a clear vision and ethical example to improve team performance.	4.05	.372
Feedback and support from my leader could help me become more effective in my role.	4.06	.355
Encouragement from my leader should motivate team members to exceed performance expectations.	4.06	.385
The use of digital tools (e.g., ERP, AutoCAD, Peachtree) could improve my daily productivity.	4.04	.388
Digital workflows and automated processes should help teams meet project deadlines more consistently.	4.06	.528
Training and support for digital technologies could increase users' confidence in applying new systems.	4.02	.589
Digital platforms should enhance communication and coordination across departments.	4.03	.598
Combining effective leadership with digital transformation could strengthen Sunshine Construction's ability to reach strategic goals.	4.00	.780

Source: Survey Result; 2025

The first objective of the study was to investigate the influence of digital transformation and the beneficial effects of digital integration performance, productivity, and coordination was used to evaluate organizational effectiveness, according to Sunshine Construction's descriptive statistics for organizational effectiveness expands on these findings under the of performance, productivity, and coordination.

## **I. Performance**

The descriptive statistics show consistently high mean scores across all measured items. With mean scores of 4.06, the top-rated items, "My leader's encouragement motivates me to exceed performance expectations" and "Feedback and support from my leader make me more effective in my role," along with the item "My leader's clear vision and ethical example directly improve my team's performance" with a mean score of 4.05, highlight the critical role transformational leadership plays in promoting both individual and team effectiveness. This is in line with research from (Bass and Riggio, 2006) as well as more recent studies like (Buil, Martínez, and Matute, 2019), which demonstrate a strong correlation between improved organizational outcomes and employee performance and inspirational motivation.

## **II. Productivity**

Initiatives for digital transformation also seem to have a big impact on how effective an organization is. Employees find digital tools useful for simplifying tasks, as evidenced by the mean score of 4.04 for the item "The use of digital tools (e.g., ERP, AutoCAD, Peachtree) has increased my daily productivity." The operational benefits of automation were also highlighted by the 4.06 score for "Digital workflows and automated processes help us meet project deadlines more consistently." According to (Henriette et al., 2016) and (Verhoef et al., 2021), digital transformation increases agility, decreases inefficiencies, and facilitates timely project delivery in dynamic environments like construction. These findings are in line with their findings.

## **III. Coordination.**

While the impact is acknowledged, there may be unrealized potential in better coordinating digital strategy with leadership practices, as indicated by the slightly lower but still positive mean of 4.00 for the item "Combining strong leadership with digital transformation has improved Sunshine Construction's ability to achieve its strategic goals." Long-term organizational success depends on leadership and digital initiatives being strategically aligned, according to studies by (Hess et al., 2016) and (Kane et al., 2019). Therefore, Sunshine Construction's organizational effectiveness and competitive advantage may be further increased by ongoing investments in leadership development and digital competency.

#### 4.4 Correlation Analysis

The correlation consists of the correlation coefficients between a single variable and each of the other variables being studied. It is a simple, rectangular arrangement of numerical values. The correlation between the dependent variable, independent variables and mediator variables was analyzed using the Pearson bivariate correlation coefficient. The dependent variable in this study is Organizational effectiveness, while the Independent Variables is transformational leadership and the mediator variable digital transformation. Sekaran (2008) states that the correlation coefficient for this assumed linear relationship can vary between -1.0 and +1.0. If the correlation result lies between -1 and 0, the two variables are negatively related. But if the correlation result of the two variables lies between 0 and 1, the two variables are positively related.

Table 4.14 Pearson Correlations between Transformational leadership and Organization Effectiveness

		Correlations							
		II	IM	IS	IC	DTL	DC	DW	OE
II	Pearson Correlation	1	*	*	*		*	*	**
IM	Pearson Correlation	.590**	1	.	.		.	.	.
IS	Pearson Correlation	.693**	.690*	1	.	*	*	.	.
IC	Pearson Correlation	.706**	.669*	.697**	1	.	.	.	.
DTL	Pearson Correlation	.704**	.615*	.697**	.746**	1	.	*	.

DC	Pearson Correlation	.701**	.667*	.684**	.650**	.718**	1	*
DW	Pearson Correlation	.613**	.570*	.594**	.658**	.607**	.710**	1
OE	Pearson Correlation	.756**	.735*	.806**	.764**	.757**	.806**	.722**

Source:Survey,2025

It is clear from the analysis that there is a close and statistically important link among transformational leadership, digital transformation pieces and organizational effectiveness. All correlations between variables are highly significant at the 0.01 level. All of the transformational leadership dimensions known as Idealized Influence, Inspirational Motivation, Intellectual Stimulation and Individual Consideration are positively and significantly related to OE, with correlation values from 0.735 to 0.806. It strongly backs up the goals to study the association between transformational leadership and organizational success. The results are similar to Bass and Avolio's (1994) conclusion that transformational leadership motivates employees to become more devoted and achieve better results.

Yet, of all the leadership dimensions, the connection to be most beneficial is that of organizational effectiveness (OE) and intellectual stimulation (IS) (OE/r = 0.806). When leaders stimulate the minds of their employees through opportunities for innovation and challenging thought, it correlates to greater effectiveness of the organization. According to Eisenbeiss et al. (2008), intellectual stimulation has a positive impact on innovative performance which is logical within the complex competitive environment of construction. Furthermore, the correlation with individual consideration (IC) and OE is high as well (OE/r = 0.764), meaning that leaders who acknowledge the individual needs of their employees positively boost morale and, subsequently, organizational effectiveness. Therefore, within the hierarchy, attention to detail per person, as well as an ambition for innovation, is necessary for effective organizational performance.

Strong correlations between OE and the digital transformation variables Digital Tools (DTL), Digital Competence and Support (DC), and Digital Workflow Integration (DW) are also evident, with  $r = 0.722$  to  $r = 0.806$ . In particular, DC and OE have the strongest correlation ( $r = 0.806$ ), indicating that organizational performance greatly improves when staff members have the required digital skills and are assisted in adopting digital technology. This backs up the findings of (Kane et al. ,2015), who highlighted the importance of digital competency in facilitating both business success and digital transformation. The association between DTL and OE ( $r = 0.757$ ) also suggests that having access to and using digital tools improves organizational processes' efficacy and efficiency.

It's interesting to note that there are significant and robust correlations between the digital transformation dimensions and the transformational leadership variables. For example, the correlation between DTL and Idealized Influence (II) is  $r = 0.704$ , while the correlation between DTL and Individual Consideration (IC) is  $r = 0.746$ . This implies that transformational leaders have a significant influence on digital transformation in addition to having a direct impact on organizational performance. This is consistent with research by (Gong et al. ,2009), which found that innovative and supportive leadership styles are essential for successfully integrating new technologies into businesses.

In conclusion, the correlation analysis emphasizes the close connection between organizational effectiveness, digital transformation, and transformational leadership. The study supports the second objective of assessing the relationship between transformational leadership and organizational effectiveness, which is strong. This also confirms the mediating role of digital transformation in the relationship between effectiveness and leadership, as supported by empirical data. It is increasingly crucial for long-term organizational success as companies like Sunshine Construction PLC manage digital transformation. These outcomes are consistent with those of (Westerman, Bonnet, and McAfee ,2014), who emphasized the complementary role that leadership and digital maturity play in enhancing corporate performance. .

#### **4.5 Regression Analysis**

Regression analysis has become a widely used and adaptable tool for examining the relationships between variables across various fields. In particular, multiple regression analysis serves as an effective method for understanding how several independent variables collectively

influence a dependent variable (Sun et al., 2023). It allows researchers to estimate the average effect of each predictor while accounting for the presence of others. In this study, multiple regression was employed to examine the extent to which different dimensions of transformational leadership contribute to organizational effectiveness. This approach provided meaningful insights into the leadership attributes that most significantly impact performance outcomes.

#### **4.5.1 Regression Assumptions**

Conducting regression analysis to examine the effect of transformation leadership components (idealized influence, inspiring motivation, intellectual stimulation, and individualized consideration) on Organization effectiveness at Sunshine Construction Head . Regression model summary analysis is the primary topic of this study.

#### **Normality**

From the histogram result indicated that, with the majority of residuals grouped around 0 and fewer in the tails, the histogram is probably symmetric. The residuals statistics reveal residuals ranging from -2.156 to 2.377, which is significantly more than the usual range of  $\pm 2$  for a conventional normal distribution, suggesting the presence of minor deviations (e.g., modest skewness or a few outliers).

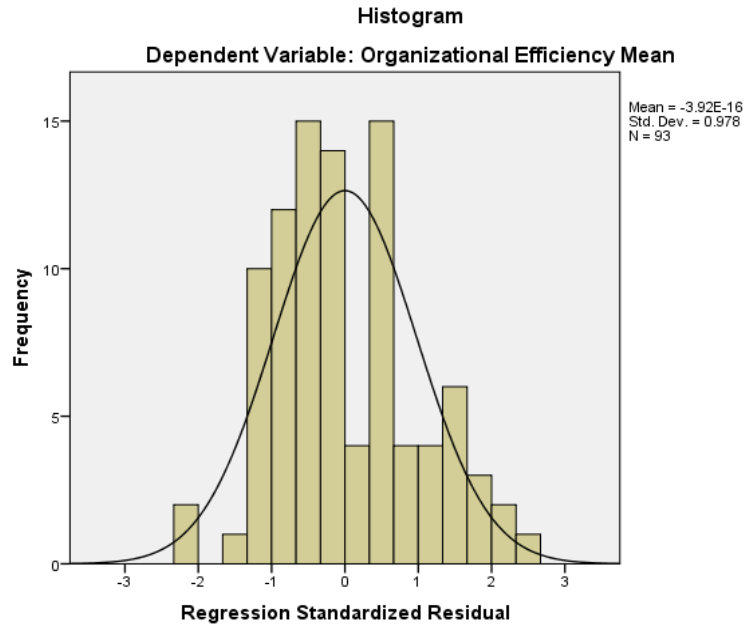


Figure 4.2: Histogram result from survey

The residuals are approximately normally distributed, supporting the normality assumption. However, the presence of residuals up to  $\pm 2.377$  suggests minor non-normality at the tails, which is common in real-world data and typically does not invalidate

The survey result indicates that the points likely follow the diagonal line closely, indicating that the residuals are nearly normally distributed. Minor deviations from the line, especially at the tails (low or high cumulative probabilities), may occur due to the residuals ranging from -2.156 to 2.377, as noted in the Residuals Statistics.

## Linearity

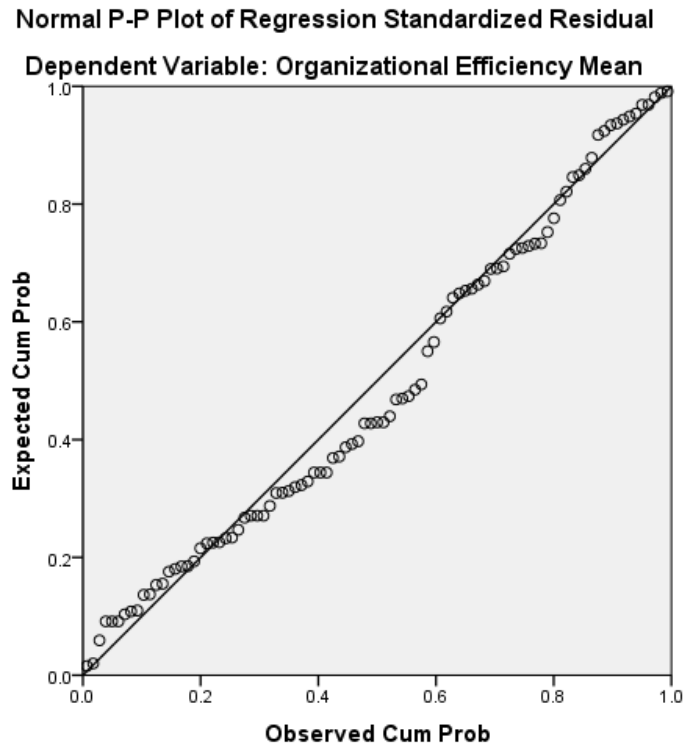


Figure 4.3: Normal P-P Plot of Standardized Residuals

The P-P plot validates the histogram's results and confirms the normalcy assumption. Linear Regression Excel's findings, which stress the significance of verifying normality using P-P plots, are consistent with the residuals being sufficiently normal for the regression model to be valid. With no discernible patterns like curves, clusters, or increasing/decreasing spread, the scatterplot most likely displays a cloud of dots centered at  $z_{resid} = 0$ . There may be a few possible outliers (points over  $\pm 2$ ), according to the residual's statistics, which show standardized residuals ranging from -2.156 to 2.377. Given the sample size, these outliers are not common enough to imply a breach of assumptions, even if they could show up as points further from the  $z_{resid} = 0$  line.

## Homoscedasticity

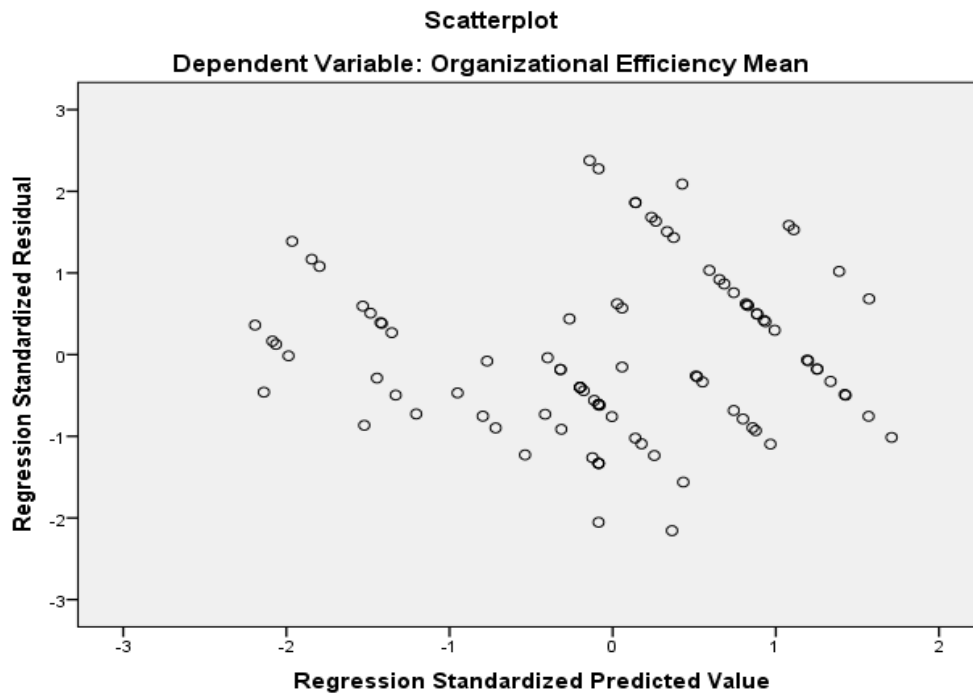


Figure 4.4: Scatterplot of Standardized Residuals (zresid) by Standardized Predicted Values (zpred)

The linearity and homoscedasticity assumptions are supported by the scatterplot. The continuous spread suggests constant variance, and the residuals' random distribution shows that the linear model is suitable. A few outliers (such as residuals at -2.156 or 2.377) are normal and do not render the model incorrect since, according to Transformational Leadership Effectiveness, regression is resilient with  $n = 93$ .

The models are regressed with all assumptions met. Every variable required for the regression models has been included, and the data has been cleaned and ready for analysis. Normality, homoscedasticity, independence, and linearity have all been verified and satisfied. Now that all of the presumptions have been met, we can run the regression models and analyse the outcomes to get insightful conclusions from the data.

## Testing of Multi co linearity

According to (Hair et al., 2006) define multi-collinearity as the extent to which one construct can be explained by the presence of other constructs in a study. This occurs when seemingly separate variables measure the same thing. Variance inflation factors (VIF) or tolerance inflation factors can be used as an alternative approach.

Tolerance =1/ VIF

### Test of **Multi – Collinearity**

Ho: There is a multi- collinearity problem

Ha: There is no multi -collinearity problem

Table 4.15. Multii-Collinearity

	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Idealized Influence	.425	2.351
Inspirational Motivation	.457.	2.188
Intellectual stimulation	.372	3.690
Individualized Consideration	.386	2.593

a. Dependent Variable: organizational effectiveness

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Source:Survey result,2025

Because each of the values in the VIF column is less than 10, and each of the values in the Tolerance column is larger than 10%, it can be deduced that there is no multi-collinearity impact between the variables that are being explained. As a direct consequence of this, we do not accept the null hypothesis.

## 4.5.2 Regression Analysis

### Model Summary and ANOVA

Table 4.16 Model Summary

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882 <sup>a</sup>	.778	.768	.17324

a. Predictors: (Constant), IC, IM, II, IS

Source: Survey result, 2025

This study's multiple regression results suggest that various transformational leadership measures predict the OE at the Sunshine Construction PLC Head Office. 77.8% of how much team performance varies can be explained by the independent variables: Idealized Influence (II), Inspirational Motivation (IM), Intellectual Stimulation (IS) and Individual Consideration (IC). The high amount of variance explained by the model confirms the second and third objectives—studying and examining the impact of transformational leadership on a company's effectiveness. This result matches Bass and Riggio (2006), who argued that transformational leadership is highly connected to indicators of organizational success.

### ANOVA Table Interpretation

Table 4.17 ANOVA Table

#### ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.264	4	2.316	77.161	.000b
	Residual	2.641	88	.030		
	Total	11.905	92			

- a. Dependent Variable: OE
- b. Predictors: (Constant), IC, IM, II, IS

Source: Survey result, 2025

To examine the overall statistical significance of the regression model, an Analysis of Variance (ANOVA) test was performed. The goal of this test is to determine whether the independent variables, taken together, significantly explain the variance in the dependent variable, organizational effectiveness. According to the ANOVA table, the regression sum of squares is 9.264, while the residual (unexplained) sum of squares is 2.641, making the total sum of squares 11.905. The model includes four predictors, resulting in 4 degrees of freedom for the regression and 88 degrees of freedom for the residuals.

The computed F-value is 77.161, and the associated significance level (p-value) is 0.000. Since the p-value is far below the commonly accepted threshold of 0.05, this result provides strong evidence that the model is statistically significant. In other words, the combination of independent variables—representing the different dimensions of transformational leadership—collectively and significantly influence organizational effectiveness. The significant F-value indicates that the model provides a good fit to the data and that the independent variables contribute meaningfully to explaining the variation in the outcome variable.

Therefore, it can be concluded that there is a statistically significant linear relationship between the dimensions of transformational leadership and organizational effectiveness in the context of this study.

#### **4.5.2.1 Regression Model for Transformational Leadership and Organizational Efficiency**

The multiple linear regression model for predicting Organizational Efficiency Mean (OE) based on transformational leadership components is:

Table 4.18 Regression coefficients

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.104	.259		.402	.689
II	.307	.097	.244	3.149	.002
IM	.185	.065	.214	2.874	.005
IS	.359	.086	.343	4.179	.000
IC	.211	.082	.209	2.566	.012

a. Dependent Variable: OE

Source: Survey result, 2025

**Model Equation**

$$OE = 0.104 + 0.307 \cdot II + 0.185 \cdot IM + 0.359 \cdot IS + 0.211 \cdot IC$$

where:

- II: Idealized Influence Mean
- IM: Inspirational Motivation Mean
- IS: Intellectual Stimulation Mean
- IC: Individualized Consideration Mean

This model explains approximately 77.8% of the variance in organizational efficiency, indicating that transformational leadership components play a substantial role in driving the company's performance.

Intellectual Stimulation proves to be the most important leadership dimension by having the strongest standardized beta ( $\beta = 0.343$ ,  $p < .001$ ) associated with improving organizational effectiveness. Therefore, challenging subordinates to use their creativity and judgment helps the organization respond better to new challenges and difficulties. This agrees with research by (Eisenbeiss, van Knippenberg and Boerner, 2008) showing that encouraging workers to think creatively increases their performance in changeable workplaces. At Sunshine Construction, promoting an innovative environment by engaging people's minds results in better operations.

Idealized Influence (II) is also a strong predictor ( $\beta = 0.244$ ,  $p = .002$ ), implying that leaders who serve as ethical role models and instill pride among followers positively influence organizational effectiveness. This result aligns with (Podsakoff et al., 1990), who noted that idealized influence builds trust, respect, and commitment, which are essential for achieving organizational goals. Inspirational Motivation (IM) ( $\beta = 0.214$ ,  $p = .005$ ) and Individual Consideration (IC) ( $\beta = 0.209$ ,  $p = .012$ ) also have significant positive effects, reinforcing the notion that transformational leaders who articulate a compelling vision and attend to individual employee needs drive higher levels of performance and satisfaction (Judge & Piccolo, 2004).

These results create a basis to look at the role of digital transformation which is included in both the first and fourth research objectives. Even though digital transformation variables are not part of the regression model, strong transformational leadership strongly points to an atmosphere that favors digital innovation. (Kane et al., 2015) observe that with transformational leadership, it is easier to use digital technology because leaders help staff develop new skills, adjust to technological changes and set a digital first mindset. Therefore, transformational leadership promotes both successful achievement and the use of new digital technologies.

In essence, based on the regression analysis, all four elements of transformational leadership strongly influence how well an organization performs. These results confirm that trust-based leadership which leads through inspiration, ideas and personal attention, can make individuals and organizations more successful (Bass & Riggio, 2006). Furthermore, this evidence forms a starting point to look into how digital innovation plays a role, since strong management sets the stage for digital success which contributes to better outcomes for construction organizations.

#### 4.6. Role of Digital Transformation as a Mediator

A full mediation model was developed to study how transformational leadership affects organizational effectiveness, both directly and indirectly, to fully address the study's objectives by considering the individual components of transformational leadership and digital transformation.

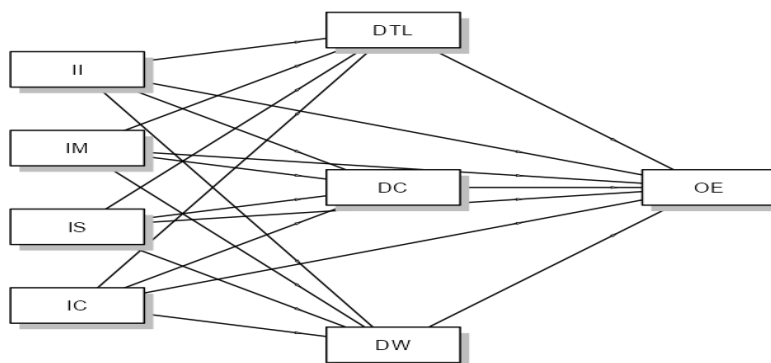


Figure 4.5: Mediation model

Table 4.19 Direct Effect

Type	Effect	Estimate	S.E.	Beta	C.R.	P
Direct Effect	II ⇒Organizational effectiveness	.241	.089	.113	1.582	.114
	IM ⇒Organizational effectiveness	.108	.055	.950	1.950	.051
	IS ⇒Organizational effectiveness	.274	.077	.262	3.581	<.001
	IC ⇒Organizational effectiveness	.219	.078	.118	1.531	.126

Source:Survey result,2025

In table present the direct effect transformation leadership in organizational effectiveness . (IS) had a highest level of significant effect on organizational effectiveness ( $p < 0.001$ ) . This indicates that leaders challenge employees intellectually and encourage innovative thinking contribute meaningfully to improving organizational outcomes.

next to (IS) ,Inspirational Motivation (IM) mediating level of significance ( $p = 0.051$ ), suggesting a potential influence on organizational effectiveness, although the evidence is not

strong enough to confirm a consistent effect. On the other hand, Idealized Influence (II) and Individualized Consideration (IC) showed no statistically significant direct effects, with p-values of 0.114 and 0.126 respectively. These results suggest that IS is a key factor in making organizations work better, but the effects of the other three leadership components may not be immediately clear through direct pathways. This result suggests that there may be indirect effects.

Table 4.20 Indirect Effect

Type	Effect	Estimate	S.E.	Beta	C.R.	P
Indirect Effect	II ⇒DTL⇒Organizational effectiveness	.024	.025	.019	0.948	.334
	II ⇒ DC⇒Organizational effectiveness	.108	.043	.078	2.244	.025
	II ⇒ DW ⇒Organizational effectiveness	.274	.025	.027	1.352	.017
	IM ⇒ DTL⇒Organizational effectiveness	.119	.007	.006	.657	.051
	IM ⇒ DC⇒Organizational effectiveness	.049	.025	.062	2.039	.041
	IM ⇒ DW⇒Organizational effectiveness	.015	.014	.018	.1.101	.271
	IS ⇒ DTL⇒Organizational effectiveness	.017	.018	.016	.914	.361
	IS ⇒ DC⇒Organizational effectiveness	.049	.031	.047	1.600	.110
	IS ⇒ DW⇒Organizational effectiveness	.015	.018	.015	.862	.388
	IC⇒ DTL⇒Organizational effectiveness	.029	.029	.029	.982	.326
	IC ⇒ DC⇒Organizational effectiveness	.024	.026	.024	.933	.351
	IC ⇒ DW⇒Organizational effectiveness	.043	.027	.043	1.609	.108

Source:Survey,2025

The fourth objective of the study was to investigate the mediating role of digital transformation. Idealized Influence (II) clearly shows a positive and statistically significant indirect effect on organizational effectiveness through Digital Competence (DC) (p = 0.025) and Digital Workflow Integration (DW) (p = 0.017). This suggests that leaders serve as ethical role models enhance organizational outcomes by improving.

The indirect effect of II through Digital Tools (DTL), on the other hand, was not significant (p

= 0.334), which means that this pathway does not strongly contribute to the effectiveness of the organization in this study. Inspirational Motivation (IM) shown a significant indirect effect through Digital Competence (p = 0.041) and a marginally significant effect through Digital Tools (p = 0.051), indicating that encourage employees helps build digital usage, which in turn supports organizational performance. The indirect effect of IM through Digital Workflow Integration was moderate effect (p = 0.271). On the other hand, Intellectual Stimulation (IS) and Individualized Consideration (IC) did not have any indirect effects with any of the three digital transformation factors, as all p-values were above the threshold for significance. This means that these lead, which are essential foundations for sustainable effectiveness.

Table 4.21 Total Effect

Type	Effect	Estimate	S.E.	Beta	C.R.	P
Total	II ⇒ Organizational effectiveness	.296	.093	.237	3.158	.002
	IM ⇒ Organizational effectiveness	.182	.060	.217	2.991	.003
	IS ⇒ Organizational effectiveness	.356	.084	.341	4.235	< .001
	IC ⇒ Organizational effectiveness	.217	.079	.215	2.720	.007

Source: Survey, 2025

The total effect analysis shows how different aspects of transformational leadership influence organizational effectiveness. The total effect analysis describes both the direct and indirect effects of transformational leadership on an organization's effectiveness.

The highest significant effect resulted from intellectual stimulation (estimate = 0.356, p < 0.001), highlighting the crucial role of leaders who inspire their staff to solve problems and think creatively. Additionally, Idealized Influence demonstrated a significant effect (estimate = 0.296, p = 0.002), highlighting the influence of leaders who established a good example and gain respect and trust. The significant contribution of inspirational motivation (estimate = 0.182, p = 0.003) shows how motivating staff members toward common objectives enhances performance as overall. Individualized Consideration had a significant effect as well (estimate = 0.217, p = 0.007), indicating that giving personal attention and support to employees helps improve organizational results.

These findings show that transformational leadership plays an important role in making organizations more effective. Each leadership style contributes in its own way, whether by encouraging new ideas.

## 4.7 Discussion

The study tried to see how transformational leadership helps Sunshine Construction Head Office perform well, with digital transformation as a possible mediator. The evidence collected strongly proves that transformational leadership helps make organizations more effective during digital transformation. According to Sunshine Construction employees, they feel strongly about inspiring others, mentally challenging them, caring for their individual needs and choosing role models, just as transformational leaders would. As a consequence, organizations with leaders showing these traits experienced better cooperation among teams, met their goals and had more efficient staff. This result agrees with Bass and Riggio (2006), who believe that transformational leadership greatly contributes to the success of organizations nowadays.

It was found by the study that there is a reliable and noticeable connection between transformational leadership and organizational effectiveness. All factors of transformational leadership showed a close link with the main indicators of organizational effectiveness ( $r$  values ranged from 0.758 to 0.791). This result resembles what (Judge and Piccolo, 2004) discovered in their meta-analysis; transformational leadership is linked more strongly to effectiveness, satisfaction and performance than transactional leadership. This means that when leaders at Sunshine Construction explain their goals, build trust and encourage their staff, better teamwork and performance follow.

The third aim examined the immediate influence of transformational leadership on how effective an organization is. Using regression, transformational leadership was shown to be a strong predictor of organizational effectiveness, even with no mediating factors. This goes along with what (García-Morales et al. ,2008) suggested, in that transformational leaders encourage people to be creative and accept change which boosts performance directly. These results indicate that strong transformation skills among leadership are key to keeping Sunshine Construction effective and improving its functioning.

Our aim with this objective was to study how digital transformation affects technological influence on society. It was found that digital transformation partly acts as a bridge between transformational leadership and organization effectiveness. In particular, those who focus on digital literacy, set up digital technologies and encourage creativity usually find their

organizations performing better. Our findings are in line with what Kane et al. (2015) wrote, showing that highly digital organizations are capable of responding rapidly and leading for lasting achievements. Such tools make operations more efficient and help people communicate and cooperate better, so leaders' actions sway more people.

Mean scores that are high for data sharing, automating routines and collaboration among departments point to strong development of digital skills at Sunshine Construction. This shows that, by encouraging digital adaptation, transformational leaders can raise the performance of the entire organization. (Vial ,2019) pointed out that turning to digital is most successful when a vision is guiding the process and driven by transformational leaders. The collaboration between leadership and digital approaches at Sunshine Construction has helped the company win more business because employees can make decisions faster and are motivated.

It is worth noting that repeatable low standard deviations mean employees have typical, good opinions about both leadership and the use of technology at work. That indicates that the company's culture encourages both openness to change and innovation, as in top-performing organizations. According to research by (Avolio, Walumbwa and Weber,2009), transformational leaders help develop organizational cultures by making shared values and lasting visions part of the way people do their jobs. This cultural alignment at Sunshine Construction probably increases how effective digital efforts are.

All things considered, this research shows that transformational leadership is key to the success and digital transformation of Sunshine Construction. The use of digital tools has improved both the way operations work and the influence of leadership on both employees and the overall company direction. They highlight that investment in leadership growth and digital technology usually go hand in hand to help a company reach lasting success.

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATION**

### **5.1. CONCLUSION**

Based on the findings of this study, conclusions have been drawn in alignment with the research. This research explored whether transformational leadership contributes to the effectiveness of Sunshine Construction PLC Head Office, with attention on how digital transformation acts as a link. A rising awareness that effective leadership and digital approaches impact the success of any organization in our changing times motivated the study. Researchers used a careful questionnaire along with quantitative analysis to look into how transformational leadership affects an organization's effectiveness. These findings are consistent with the work of (Avolio et al., 2004), who demonstrated that transformational leadership positively influences organizational culture and effectiveness.

The study discovered a highly important finding: that transformational leadership improves organizational effectiveness. Those behaviors—inspirational motivation, intellectually motivating others, idealizing their behavior and emphasizing people's needs—help leaders improve performance and ensure employees are happy with their jobs. It points out that transformational leadership isn't just useful but very necessary to encourage a thriving and committed group of employees.

Likewise, there was a clear link found between transformational leadership and how effective an organization is. The study supports theories that say transformational leaders are able to change a company's culture, encourage everyone to share a vision and motivate teams to work cooperatively toward aims. Leadership behaviors at Sunshine Construction were associated with improved organizational achievements, as employees said they agreed with many of them.

Through regression analysis, it was found that transformational leadership by itself can significantly foresee how well an organization will do. This result is in line with previous research that shows transformational leadership improves organizational performance without the need of other moderating or mediating variables. It is therefore important for leaders at Sunshine Construction to keep stressing the importance of vision, empowerment and new ideas, because they support the business's success.

Importantly, the study found that digital transformation acts as a mediator between transformational leadership and how effective an organization is. Digital transformation was shown to act as a bridge between leadership and effectiveness which means that leadership on its own can improve effectiveness, but that effect gets stronger with digital advancement. This supports Vial's (2019) argument that digital transformation enhances the ability of leadership to influence organizational performance by improving communication, workflows, and data-driven decision-making. Encouraging digital solutions, using data and promoting teamwork across departments through technology makes the organization work better.

Apart from that, the digital transformation at Sunshine Construction appears to blend with most daily processes, given the high averages in areas such as information sharing, automation and system integration. As a result, there is more efficiency with procedures, enhanced innovation and better communication. Leadership and digital expertise being used together have been key to improving how we work, increasing employee motivation and ensuring we follow our strategies.

The research results highlight that transformational leadership and digital transformation are strongly tied, each making the other more useful for improving how effective an organization is. The research demonstrates that, on its own, transformational leadership brings good results, essentially doubling when online strategies are also present. This point is especially significant for agencies such as Sunshine Construction which compete in an environment that constantly evolves.

All in all, the results demonstrate that businesses must invest in both developing leaders and building digital infrastructure. Effectiveness for Sunshine Construction and comparable organizations depends not just on their leaders but also on carefully applying technology. In future, it would be beneficial to use data over time, consider more mediating factors or compare these findings across construction firms to enhance and confirm the insights from this study.

## 5.2. Recommendation

The following recommendations are proposed in view of the primary findings and conclusions of the research study on Sunshine Construction Head Office, the effect of transformational leadership on organizational effectiveness through digital transformation.

- Leaders at Sunshine Construction should actively demonstrate ethical behavior by listening to employees' ideas and treating them fairly to build trust and improve commitment and performance. To achieve this, managers need to engage in regular communication with their teams and model integrity consistently.
- The organization must prioritize the promotion and daily use of digital tools like ERP, Peachtree, AutoCAD, and Eagle Point. Managers should provide ongoing training and technical support to ensure employees are comfortable and proficient with these systems, which will help improve productivity.
- Digital technologies should be fully integrated into workflows to automate tasks and minimize errors caused by manual processes. Operations leaders and IT personnel need to collaborate closely to identify areas for integration and monitor progress regularly.
- Supervisors are encouraged to recognize each employee's unique strengths and track their development through personalized coaching. Building loyalty and fostering growth will lead to higher quality work and long-term retention.
- Creating an environment where workers can openly discuss problems and suggest solutions is crucial. Managers should hold regular meetings and offer constructive feedback to promote a sense of belonging and shared responsibility.
- Teamwork and cooperation between departments should be strengthened by encouraging collaborative projects and shared goals. This will improve coordination and overall results..
- Even though this study took place at the head office, it's a good idea to apply those same leadership methods and digital strategies to other branches. This way, we can have consistent results and compare them later.
- For future studies, it might be helpful to include different departments or other construction companies to get a better understanding of how leadership and digital tools impact performance in the industry..

### **5.3. Suggestions For Further Studies**

The researcher focuses on the effect of transformational leadership on organizational performance, specifically in the mediating role of digital transformation at Sunshine Construction's head office. Future research will expand the study to include branches or other Ethiopian construction companies to determine whether transformational leadership affects different organizations through digital transformation. In addition to that, further research suggests investigating, as previously mentioned in the literature review, different leadership styles like transactional and democratic leadership and their relationship with digital transformation and organizational effectiveness. This research not only helps academic literature but also provides decision-makers with more guidance in managing and enhancing digital change.

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APPENDIX A: Questionnaire

QUESTIONNAIRE

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**SCHOOL OF COMMERCE**

**DEPARTMENT OF BUSINESS LEADERSHIP**

**Section 1: Demographic Information**

*(Please select the most appropriate option.)*

1. Age:

18–25  26–35  36–45  46–55  56+

2. Gender

Male  Female

3. Current Job Position

Executive  Manager  Supervisor  Employee  Other (Specify: \_\_\_\_)

4. Years of Work Experience in This Organization

Less than 1 year  1–3 years  4–7 years  8+ years

5. Highest Educational Qualification

High School  Diploma  Bachelor's  Master's  PhD

6. Which Digital Tools Do You Use? (Select all that apply)

AutoCAD

Eagle Point Software

Peachtree Accounting

ERP

## Section 2: Main Questionnaire

Please indicate your choice by placing a check mark (—) in the appropriate cell.

Use the following Likert scale to express your level of agreement:

**1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.**

7. Please indicate the degree to which you agree with the following statements.

### **Transformational leadership**

*(Rate the following statement based on your experience in the organization)*

#### **Instruction:**

- **For Leaders:** If you hold a leadership position (e.g., Executive, Manager, Supervisor), please answer the questions based on your role and perspective as a leader.

- **For Employees:** If you are an employee (e.g., staff, non-leadership position), please answer the questions based on your experience working under the leadership and guidance of your leader.

NO	Idealized Influence	Score				
		1	2	3	4	5
7.1	Leaders in your organization consistently model ethical behavior.					
7.2	Leaders set the same high standards for themselves that they expect of employees.					
7.3	Leaders communicate a clear and compelling vision that brings the team together.					
7.4	Leaders consistently demonstrate integrity in their decisions and actions					

NO	Inspirational Motivation	Score				
		1	2	3	4	5
7.5	Leaders in your organization inspire and motivate you to achieve target performance.					
7.6	To what degree does your leader recognize and prioritize the importance of completing tasks effectively.					
7.7	To what degree does your leader recognize and prioritize the importance of completing tasks effectively.					
7.8	How effectively does your supervisor take the time to assure employees of their potential to exceed established goals					
7.9	How often do you notice that when you meet your leader's expectations, they express admiration or appreciation					

NO	Intellectual Stimulation	Score				
		1	2	3	4	5
7.10	To what extent do the leaders in your organization create opportunities for innovative and creative problem-solving					
7.11	Leader supports experimenting with different digital approaches.					
7.12	To what degree do leaders motivate you to view challenges from multiple angles					
7.13	Leaders receptive to new ideas and strive to influence employees intellectually.					
7.14	I I guide my employees towards solutions by encouraging their own creative thought processes rather than providing direct answers					

	<b>Score</b>
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NO	Individualized Consideration	1	2	3	4	5
7.15	Leaders provides one-on-one coaching to support my development.					
7.16	Leaders provides personalized feedback to help me improve.					
7.17	To what extent do you feel that your leaders recognize and consider your individual strengths and needs					
7.18	Leaders effectively mentors subordinates to learn new skills.					
7.19	To what extent do you agree that leaders show genuine concern for employees career growth and well-being					
7.20	Leaders recognize individuals unique contributions to the team.					

## Digital Transformation

*(Rate the digital tools implementation, Digital Competence and Support and Digital workflow Itegration in sunshine construction)*

NO.	Digital Tools	Score				
		1	2	3	4	5
7.20	I regularly use ERP, AutoCAD, Eagle Point, or Peachtree Accounting in my daily tasks.					
7.21	The digital tools provided by Sunshine Construction meet my job needs.					
7.22	Leaders actively encourage me to adopt new digital systems					
7.23	I use digital tools to streamline routine tasks effectively.					
7.24	I find these tools easy to navigate and integrate into my work					

NO.	Digital Competence and Support	Score				
		1	2	3	4	5
7.20	I have received adequate training on all					

	required digital systems.					
<b>7.21</b>	The organization provides sufficient resources for developing staffs digital competence.					
<b>7.22</b>	My supervisor supports me whenever I face challenges with digital tools.					
<b>7.23</b>	I use digital tools to streamline routine tasks effectively.					
<b>7.24</b>	Colleagues are willing to assist me in improving my digital skills.					

<b>NO.</b>	<b>Digital Workflow Integration</b>	<b>Score</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>7.25</b>	Core workflows (approvals, reporting, data sharing) are handled digitally					
<b>7.26</b>	Digital systems are well-integrated across departments for seamless collaboration.					
<b>7.27</b>	Automated workflows have reduced paperwork and manual errors.					

<b>7.28</b>	I can access project information in real time through digital platforms.					
<b>7.29</b>	Data transfers between systems occur without manual intervention.					

### **Organization Effectiveness**

*(Rate the effectiveness of the organization in achieving its goals and improving performance)*

<b>NO</b>	<b>Measurment Items</b>	<b>Scores</b>				
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>7.30</b>	My leader should provide a clear vision and ethical example to improve team performance.					
<b>7.31</b>	Feedback and support from my leader could help me become more effective in my role.					
<b>7.32</b>	Encouragement from my leader should motivate team members to exceed performance expectations.					
<b>7.33</b>	The use of digital tools (e.g., ERP, AutoCAD, Peachtree) could improve my daily productivity.					
<b>7.34</b>	Digital workflows and automated processes should help teams meet					

	project deadlines more consistently.					
<b>7.35</b>	Training and support for digital technologies could increase users' confidence in applying new systems.					
<b>7.36</b>	Digital platforms should enhance communication and coordination across departments.					
<b>7.37</b>	Combining effective leadership with digital transformation could strengthen Sunshine Construction's ability to reach strategic goals.					