



**ADDIS COLLEGE**

**DEPARTMENT OF PROJECT MANAGEMENT POSTGRADUATE  
PROGRAM**

**The Effect of Leadership Styles On Employee Performance: In The Case of  
Transnational Engineers Plc.**

**By:**

**Natnael Fikru Samuel**

**A Thesis Submitted To The Department Of Project Management In Partial  
Fulfillment Of The Requirements For The Degree Of Master of Arts In  
Project Management In Addis College.**

**Advisor**

**Mekonnen Mengistie (PhD)**

**August 2023**

**Addis Ababa, Ethiopia**

**ADDIS COLLEGE**

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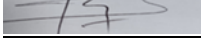
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## DECLARATIONS

I, the undersigned, declare that this Thesis entitled *The Effect of Leadership Style on The Effects Of Leadership Style On Employee Performance: In The Case Transnational Engineers Plc.* is my original work and that it has not been presented for a degree in any other University, and that all the sources of materials used for the thesis have been duly acknowledged.

Declared by: **Natnael Fikru**

Signature: .....

August 2023

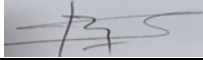
Addis Ababa

## LETTER OF CERTIFICATION

This is a declaration that the research project "The Effects Of Leadership Style On Employee Performance: In The Case Transnational Engineers Plc." completed by Natnael Fikru for the partial completion of the Masters of ART (MA) degree at Addis College is original work and was not submitted for a degree at this university or any other university.

Advisor

Mekonnen Mengistie (PhD)



August 14, 2023

Signature

Date

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Declared by: Natnael Fikru

August 2023

## **Abstract**

*The aim of the research was to evaluate how different leadership styles impact employee performance at Transnational Engineers P.L.C. The study focused on Kuwart Lewin's behavioral leadership style and employed an explanatory research design with a quantitative approach. To achieve this research objective both primary and secondary sources of data were utilized. The primary data were collected from managers, supervisors, and workers of Transnational Engineers P.L.C. through standardized questionnaires of leadership style and employees' performance. The survey instrument was adapted from a previous standard questionnaire. The secondary data were collected through the review of previously established literature. A questionnaire was given to 89 employees, selected using the stratified sampling method. The collected data was analyzed using SPSS software version 20. The data were also evaluated using descriptive statistics such as means, standard deviations, and frequencies, as well as multiple regression analysis. The research found that Autocratic and Democratic leadership styles had a positive effect on employee performance, while laissez-faire leadership styles had no significant effect. Based on the overall findings, the research offers recommendations for possible actions to further improve employee performance. Thus, Transnational Engineers PLC was recommended to use different types of leadership styles to enhance employee performance so as to enable quality service delivery. A further research was also recommended on other consulting companies collectively and to find other factors rather than styles that determined employee performance not included in this study.*

*Key words; Autocratic, Democratic, Laissez-faire, Leadership, Employees performance*

## Table of Contents

List of Tables .....	x
List of Figures .....	x
CHAPTER ONE .....	1
INTRODUCTION.....	1
1.1. Background of Study .....	1
1.2. Background of Company .....	2
1.3. Statement of problem.....	3
1.4. Study Hypotheses .....	4
1.5.1. General objectives .....	4
1.5.2. Specific objectives.....	4
1.7. Scope of Study .....	5
1.8. Limitation of Study.....	5
1.9. Organization of the Study .....	5
CHAPTER TWO .....	7
LITERATURE REVIEW .....	7
2. Introduction .....	7
2.1. Theoretical Review.....	7
2.1.1. Concepts of Employee Performance .....	7
2.1.2. Measuring Employee Performance .....	8
2.1.3. Factors Affecting Performances.....	9
2.1.4. Concepts of Leader and Leadership Styles.....	9
2.1.5. Type of Leader .....	10
2.1.6. Leadership Styles .....	10
2.2. Review of Empirical Literature.....	13
Research Gaps .....	14
2.3. Conceptual Framework.....	14
Democratic Leadership Style .....	15
CHAPTER THREE.....	16
RESEARCH METHODOLOGY .....	16
3. Introduction .....	16
3.1. Description of the Study Area.....	16

3.2. Research Design .....	16
3.3. Target population .....	16
3.4. Sample size and Sampling Techniques.....	17
3.4.1. Sample Size Determination .....	17
3.4.2. Sampling Technique .....	17
3.5. Source of Data.....	18
3.5.1. Primary Source.....	18
3.5.2. Secondary Source.....	18
3.6. Data Collection Methodology .....	18
3.7. Data Analysis and Presentation.....	19
3.8. Validity .....	19
3.9. Research Ethics .....	19
CHAPTER FOUR.....	21
Data Presentation Analysis and Interpretations .....	21
4. Introduction .....	21
4.1. Demographic Background of the Respondents.....	21
4.2. Descriptive Analysis of Leadership Style.....	22
4.2.1. Autocratic Leadership Style.....	23
4.2.2. Democratic Leadership Style .....	24
4.2.3. Laissez-Faire Leadership Style .....	25
4.2.4. Employee’s Performance.....	26
4.3. Reliability.....	28
4.4. Correlation Analysis .....	29
4.5. Regression Analysis .....	32
4.5.1. Multicollinearity Test .....	32
4.6. Discussion of Findings .....	34
CHAPTER FIVE .....	36
Conclusion and Recommendations .....	36
5. Introduction.....	36
5.1. Summary of major findings .....	36
5.2. Conclusions .....	37
5.3. Recommendations .....	38
REFERENCE.....	39

Appendix I ..... 41

## List of Tables

Table 1: Proportional Sample Size .....	17
Table 2: Demographic background of respondents .....	21
Table 3: Autocratic leadership style .....	23
Table 4: Democratic leadership style .....	24
Table 5: Laissez-faire leadership style .....	25
Table 6: Employees' own performance rating .....	26
Table 7: Mean Score Measurement .....	27
Table 8: Summary of descriptive analysis .....	27
Table 9: Cronbach's Alpha Result .....	28
Table 10: Pearson Correlation between Autocratic Leadership Style and Employee Performance.....	29
Table 11: Pearson Correlation between Democratic Leadership Style and Employee Performance.....	30
Table 12: Pearson Correlation between Laissez-faire leadership style and Employee performance .....	30

## List of Figures

Figure 1: Conceptual framework .....	15
Figure 2: Histogram to check normality of data. ....	32
Figure 3: Normal P-P plot of regression standardized Residual.....	32

## List of Acronyms

MLQ	Multi-factor Leadership questionnaire
SPSS	Statistical package for social science
SD	Standard deviation
SA	Strongly Agree
R	Coefficient of Correlation
R Square	Coefficient of Determination
F	Frequency
Sig	Significance
B	Beta Coefficient
DLS	Democratic Leadership Style
ALS	Autocratic Leadership Style
LLS	Laissez-faire Leadership Style
EP	Employee Performance
P-value	Significance Level
KPI	Key performance indicator
ANOVA	Analysis of variance
VIF	Variance inflation factor

# **CHAPTER ONE**

## **INTRODUCTION**

In this chapter, the general background of the research was presented. It includes the background of the study, statement of the research problems, the research questions, research objectives, scope and limitation of the study, the significance of the study, and the definitions of key terms.

### **1.1. Background of Study**

For effective performance and work function, now a day's people flow of life depends on the organizations and development and survival of the community. Organizations are established to address social needs and group activities. The main drivers of organizations were humans. They give full of time to the organizations and provide goals. Theoretically, different leadership styles yielded different results desirables and undesirables. The best or effective leadership style is one that produces desirable results for individual workers and the organization at large. Hence, there is a need to investigate the leadership style that influences workers behavior and contributes to the organizational goals positively. Findings from previous studies on leadership styles and employee performance are inconsistent. For example, studies by Adeyemi (2010), Nuhu (2010) and Belonio (2011) found that autocratic leadership style has significant impact on employee performance while Dolatabadi and Safa (2010) and 2 Obiwuru, Okwu, Akpa and Nwankwere (2011) found no significant impact between the two variables.

According to Hersey & Blanchard (1984), leadership is the process of influencing the activities of an individual or a group in efforts toward a goal achievement in a given situation. Leadership is a process of interaction between leaders and followers where the leader attempts to influence followers to achieve a common goal. Performance is the main aim of each and every organization. Leadership represents the most dynamic effects which by enhancing the knowledge, skill and attitude of employees for the attainment some predetermined goal (Behn, 1995). Effective leader not only inspires subordinates' potential to enhance efficiency but also meets their requirements in the process of achieving a certain predefined objectives (Lee and Chuang, 2009).

As a result, human growth and efforts, which lead to the achievement of goals, was not possible in the absence of management. Because the presence of humans is the first principle

of organization, the most basic step that must be taken to achieve this is to retain personnel and provide psychological gratification and fulfillment to personnel (Mullins, 2007).

Leadership has been started to study in scientific studies began only in the twentieth century in 1930 the study on behaviorism moved researcher starts to study leadership behavior (K.Lewin and Lippitt, 1939).

The higher the performance of the employees in the organizations, the more productivity, and achievements of mission and goals was realized. In considering the enhancement of employee performance, some managerial decisions can determine the performance of employees. Among such determinants, the leadership style is one of the elements that play a significant role. The concept of leadership style defined from different perspective some writes based on the task oriented and relation oriented behaviors of a leader (Molero,2007) others described as the combination of style characteristics, implicit of leadership philosophy and set of management skills for each style (Oldham and Cummings ,1996).

Therefore, this research looked to investigate their effects on employee performance in transnational consulates' PLC, and the effect of leadership styles on autocratic, democratic, and laissez-faire. After accomplishment the study on this topic, this research was valuable for workforces to classify which leadership style is worthy for them in terms of work gratification and the success of their careers.

It can be valuable for leaders to understand which types of leadership influence employee performance and in what way employees can also be inspired through suitable leadership. It assists businesses in identifying great leaders who can advance organizational performance and lead the organization to great success.

## **1.2. Background of Company**

Transnational Engineers is a Highway and Bridge Consulting Firm of category, registered with the Ministry of Works and Urban Development. It was established in May 2008. Since then the company has been extensively engaged in the Design and Supervision of various Roads and Bridges.

Transnational Engineers is also registered with the Ministry of Infrastructure and Ministry of Economic of Finance and Economic Cooperation and has its office in Addis Ababa, Ethiopia. The firm is organized with experienced and dedicated professionals having good knowledge

and experience in the various fields of expertise of Roads, Structures, Railways, and Airfield Investigations, designs, and construction supervisions.

### **1.3. Statement of problem**

The achievement of an organizational vision and missions are highly interrelated with different organizational factors. According to (Chioke, 2001) the leaders behavior and style is one of the factors that affect job satisfaction and productivity of employees. Leadership style in an organization is one of the factors that play significant role in enhancing or retarding the interest and commitment of the individuals in the organization, which has a direct impact on employee performance. Thus, Glantz (2002) emphasizes the need for a manager to find his leadership style.

The construction industry in Ethiopia is a rapidly growing industry with various problems affecting it. One of the problems is the relationship of leader's behavior and style that affect job satisfaction and productivity of employees. It seems like every consultant company suffers from this however I have selected this particular company because of its years of experience and involvement in various projects The company has been providing Consultancy Services for clients in different fields of Road and Bridge Construction Projects. The companies currently have 3ongoing and 11completed projects in which Transnational Engineers has been engaged and, their experience can be a milestone for smaller Consulting companies. When people practice a good leadership skill, they can boost satisfaction and make employees to stay in the organization (Kleinman, 2013).Transnational Engineers Consulting PLC has a group of individuals (employees and managers) who have different interests and characteristics. However, which one of leadership styles is the most dominantly exercised, which ones follow depending on the situation and that increased employee job performance is unknown. Therefore, there is a gap and unanswered questions with regard to the leadership behaviors.

The study intended to address how leadership style influences the performance of employees that enhance the conducive work environments. In general, an overview of these two causes of these problems was not identified and treated; they might have counterproductive effects on the performance and image of the company. Therefore, these are the reasons to carry out this study in Transnational Engineers Consulting PLC in order to fill the gap, answer the raised questions, arrive at conclusions and deliver any improvement recommendations.

## **1.4. Study Hypotheses**

H1: Autocratic leadership style has a significant effect on employee performance.

H2: Democratic leadership style has a significant effect on employee performance.

H3: Laissez-Faire's leadership style has a significant effect on employee performance.

## **1.5. Objectives of Study**

### **1.5.1. General objectives**

The general objective of the study is to assess, the effect of leadership style on employees' performance in the case of Transnational Engineers Consulting PLC.

### **1.5.2. Specific objectives**

The specific objectives of the study are:-

- To assess the effect of autocratic leadership style on employees' performance in Transnational Engineers Consulting PLC.
- To assess the effect of Democratic leadership style on employees performance in Transnational Engineers Consulting PLC.
- To assess the effect of laissez-faire leadership style on employee performance in Transnational Engineers Consulting PLC.
- To determine which leadership style significantly affects employees' performance in the Transnational Engineers Consulting PLC.

## **1.6. Significance of Study**

The finding of the study would provide importance to the stakeholders who are involved in the consulting company especially for the managers and employees. And it also helps to understand the effect of leadership styles on employees' job satisfaction and organizational commitment.

The study would also give the management teams the understanding of which leadership styles have positive outcomes for turning desired goals into results.

The results of the study carried out could contribute to the field of organizational management in the consulting sector and allow the leaders and managers to understand

Management styles and strong leadership in correlation with the overall performance and employee job satisfaction of the organization.

Finally, it is hoped that this study will initiate other researchers to conduct an in-depth study in the future. This study will benefit the organization's authority to needed corrective measures to improve organization policy and employees of the organization in reducing the cost of their time etc.

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

The scope of this study was confined to addressing the problem under consideration. Conceptually, this research will delimit the effect of leadership style on employee performance at Transnational Engineers Consulting PLC. The study focuses only on three types of leadership (autocratic, democratic, and laissez-faire) and their effect on employees' performance and it is also affected by a range of other factors such as policies and practices, appreciation, organizational culture and so on but the scope of this study is limited factors such as pay, benefits, supervision, promotion, nature of work, and coworkers. Methodologically, the study also delimited to explanatory design and quantitative approach methodologically. The geographic area in which the study has focused on is the Transnational Engineers Consulting PLC and the respondents' was all in Addis Ababa Ethiopia. The research is conducted on the Head office of the Transnational Engineers Consulting PLC is the managerial and operational staff is combined. This research has incorporated data for the fiscal period of 2023.

### **1.8. Limitation of Study**

The study was limited to the effects of leadership styles of the Transnational Engineers Consulting PLC on employees' performance and as such does not study other types of leadership and factors that could impact performance. It will not include the overall organizational performance and also was limited to employee performance. Lastly, time and financial constraints would be a factor in limiting sample size to a manageable level.

### **1.9. Organization of the Study**

The study included five chapters in the research report. The study's introduction is covered in Chapter 1. The theoretical and conceptual elements of related literature reviews were highlighted in the second chapter. The third chapter examined the research's methodology, sample selection, sampling methodology, data gathering tools, and data analysis methods. The presentation and analysis of the data were covered in chapter four. In chapter five, the

summary, conclusion, and recommendation were delivered. The last part of the paper, the appendix consists of different list of references used, questionnaires.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2. Introduction**

A literature review is a body of text that is designed to review the critical points of knowledge in theoretical and empirical related works of literature of previous studies. The chapter contains definitions and concepts of employee performance, perspectives on employee performance, the concept of leadership and leadership style, the relationship between leadership style and employee performance, and finally, empirical review and conceptual framework is presented.

#### **2.1. Theoretical Review**

##### **2.1.1. Concepts of Employee Performance**

Employee performance is a factor that can significantly affect organizational profitability, and it is related to an individual's motivation to achieve certain goals or performance targets. (Eliyana, 2019). Performance has a strong link with Organization strategic goals, customer satisfaction, and economic contribution to the organization (Bernardin, 1995). From the above definitions, we can understand that managers should consider individual behavior and output or results as measuring of performances (Armstrong, 2004). Performance is outcomes or results of a certain activity that emanated from behavioral aspects of the performer (Aguinis, 2009).

Employee performance is a multiple-dimensional concept and measuring employee performance is not limited to the accomplishment of tasks written on job descriptions. According to Robbins and Timothy, there are three major types of performance behavior (Robbins and Timothy, 2013). Effective leaders possess personal humility and focus on strengthening employees rather than controlling productivity. (Collins, 1995)

Employee performance is one of the determinant factors for an organization to put in a competitive edge in the development of human capital that aid to build a strong platform for productivity and profitability. Employee performance should be viewed from intra-personal and inter-personal behavioral conditions of members from the organizations (Fried et.al.2008). This shows as our personal understanding about employee performance should be wide to fix task-centric to larger organizational issues. Leadership style influences employee performance, which is a measure of organizational success (Pawirosumarto et al., 2017;

Efendi & Graduate, 2020). Proper implementation of leadership style can motivate employees to work hard and achieve organizational goals (Haslina et al. 2010).

### **2.1.2. Measuring Employee Performance**

Measuring performance can be seen in organizational and individual levels in this written document emphasizing the individual or employee level performance. Individual performance can be measured by reference to key performance indicators (KPI) and metrics. It is good to understand that there are some non-measurable tasks or jobs that are difficult to measure in terms of quantities like a knowledge worker (Levinson 1970).

Measuring performance helps an organization to win competitive advantages over competitors through developing strategies. It is also a means of getting better customer value and builds an organizational reputation; additionally, it helps managers to decide major Human resource decisions like promotions, transfer, and terminations. It also helps to develop healthier employee competitions between members for good results of performance. Afshan (2012) defines performance as; “The achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost, and speed. Employee performance can be seen in increased output, ease of use of new technology, and highly motivated employees. Many studies of researchers confirmed that human resource management practices have been strongly and positively related to employee performance and developments areas. Commonly, employee performance is related to the outcomes. However, it can also be looked at in terms of behavior (Armstrong, 2006). Employee performance can be measured against the performance standards set by the organization (Kenney et.al, 1992). Many standard measures can be taken into consideration when measuring performance by considering efficiency, effectiveness, productivity, quality, and profitability measures (Ahuja, 2006).

To measure performance, managers should develop specific performance outcomes and standards for groups as well as individuals. Performance can be measured through various dimensions (H.Erkutlu, 2008) it can be measured on an objective and subjective basis. Employee performance is objectively measured by profit margins, market share, increase in production, decrease in cost, return on investment, and so on. Changes in employee behavior, learning and development capability, employee commitment, skill, competency enhancement, and so on is all subjectively measured as proofs of leadership effectiveness.

### **2.1.3. Factors Affecting Performances**

Performance can be influenced through different factors starting from individual differences to the system or contextual factors (Cardy&Dobbins1994). This shows that the personal perspectives and organizational management role has a great contribution to the improvement of performance.

i. **Individual difference:** - performance differences can be seen by individual "ability and personal motivation. Personality factors like competency and willingness to perform a certain activity determine the way how we perform tasks. In these conditions, the management focused on support in training and development of skills (Cardy&Dobbins1994).

ii. **Situational difference:** - The effective managerial action in managing the environment should be managing the situation, not performance (Jones, 1995). In this perspective environment is a situation that can stimulate and support the individual to perform well or hinder performances. In this condition, the question is to understand which situation is preferable for the best result to be recorded. Workplace factors like organizational culture, employee relation climate, and motivation factors like rewards have significant impacts on performance (Cardy&Dobbins1994).

iii. **Performance regulations and system perspectives:-**In this perspectives performance is determined in the conditions of the system and conceptualized the process of actions in the organizations. In these conditions, the flow of work procedures and the availability of information about the organization's goals, resources, technology, and structure create an impact on work performance (Cardy&Dobbins1994).

iv. **The external environment:** - the external environments like competitiveness of the business, economic and political environment can influence the performance. The management needs to learn how to respond to or adapt to such turbulent environments. Since the external environment will influence the way how we do business, we have to cascade business strategies and goals of a business into such considerations to sort business goals into people's expected accomplishments (Cardy&Dobbins1994).

### **2.1.4. Concepts of Leader and Leadership Styles**

Many academicians and scholars define leader amongst them Yukl (2001) is one and explained a Leader is a person who could influence and stay central in his companionship to achieve the organizational central goal in certain settings. Yulk also goes beyond and said

that the cliques could be the leader's close relative or his/her friends also subordinates of leaders. To become a leader there should be a willingness of followers that makes a leader. Because people show readiness to follow anyone who can bring means of achieving their desire and aspiration.

### **2.1.5. Type of Leader**

In general category, a leader can be categorized into two broad kinds of leadership (Ile, 1999), Formal Leader: Formal leader is a leader his/her power and influence originated from his assignment of the organizational position. As a leader, she/he has formal influence and power over his/her cliques, fellow or groups. Most of the time he/she can refer interchangeably with the manager and can be known as a managerial leader. Therefore, a formal leader has the power and influence that emanate from his/her assignment of a position in the organization to instruct, influence, and show the way to act in achieving organizational objectives.

Informal Leader: An Informal Leader is a leader his/her power and influence does not originate from his assignment of the organizational position. Most of the time he/she can be referred to as a non-managerial leader. This kind of leader has power but lacks authority over his or her group and can only influence people to instruct, influence, and show a way to act in achieving organizational objectives.

### **2.1.6. Leadership Styles**

Based on the number of followers research stated a variety of leadership styles. Depending on the function of the leader, the followers, and the situation, these are the most appropriate leadership styles. In the case of decision making some leaders cannot work satisfiable with a high degree of followers" participation. In addition, the specific situation helps determine the most effective style of interactions and some employers lack the ability or the desire to assume responsibility.

#### **Autocratic Leadership Style**

The autocratic leadership style is centered on the boss. The leader has complete authority and responsibility in this leadership. They are characterized as intimidating, browbeat. They tend to be distant and aloof from their group and these leaders and decide the proper division of labor from abroad and make policies. And also this type of style is gained through, demands,

orders, rules, regulations, punishment, and threats. The functions of authoritarian leadership include the roles of authoritarian followers include adhering to the leader's instructions without question or comment. Authoritarian leadership is for new employees' suitable situations and the need for large-scale coordination with other groups and organizations. Authoritarian leadership is not willing to accept to participate in decision-making their opinions and processes for to environments in which member's desire. Detractor of authoritarian leadership declares that the leadership style leads to high member disappointment, turn-over, and absenteeism (Gastil, 1994). Autocratic Leadership style, also known as authoritarian Leadership, is characterized by zero tolerance and complete control over followers or employees. While it may lead to quick results, it can degrade efficiency in the long run, limit creativity and motivation, and cause conflicts. This style of Leadership is not flexible and may lead to abuse and distortion of workers (Milgron & Holmstrom, 1991). Autocratic leadership style is characterized by bossiness, narrow-mindedness, and decision-making power retained by the leader. It restricts workplace socialization and communication, leading to conflicts and negatively affecting overall performance. However, some studies suggest that autocratic leadership can be effective in completing projects within deadlines. (Iqbal, Anwar, Haider, 2015).

### **Democratic Leadership Style**

In this leadership style, for making a decision they is considering subordinates. This style is contradictory autocratic and centered on subordinates' contributions. The democratic leader who determines work projects delegates' authority to other people. The character of this leadership is the transmission of this style is active upward and downward and with concerning statistics, is one of the most preferred leadership, Mostly favorable democratic leadership by the character of courage, intelligence fairness, competence, creativity, and honesty Igbaekemen and Odivwri,(2015). This character of leaders provides their followers' choices and support. Democratic leadership, also the same as participative leadership, as the name indicates reflects equal participation inclusiveness, and self-determination, that said; they is for elected positions of power not to be confused with those who carry. Democratic leaders often lack formal positions and power.

Democratic leadership gains authority through accountability, active participation, cooperation, and task and responsibility delegation. The functions of democratic leadership within the organization include distributing responsibility and facilitating group deliberations.

The roles of democratic followers include readiness to take personal responsibility for the organization, accountability for their decisions, desire to maintain their group's self-determination, and freedom to take on the role of leader as needed or appropriate and work with leaders.

Democratic leadership is appropriate in certain contexts, such as an international organization, a democratic nation, a worker-owned corporation, a public university, a close-knit neighborhood, or a cooperative social group or organization. Leadership style that encourages contribution and responsibility from subordinates is seen as advantageous by organizations (Ittner, 2002; Milgrom & Holmstrom, 1991). This style focuses on harnessing the skills and ideas of others, but the end result is still in the hands of the leader (Kirega, n.d.). Democratic leadership involves decentralized decision-making and sharing of opinions, which can lead to weak execution but also motivates employees and positively impacts organizational performance (Elenkov, 2002; Bhargavi & Yaseen, 2016). However, it assumes equal expertise among all involved, which can be a problem (Rukmani et al., 2010).

### **Laissez-faire Leadership Style**

Laissez-faire leadership gives authority to employees. Departments or subordinates are allowed to work as they choose with minimal or no interference (Igbaekemen and Odivwri, 2015). Laissez-faire leadership style gives subordinates complete decision-making power and neglects employee needs, resulting in a lack of control for leaders (Richard et al., 2009).

However, in certain situations and industries, this style can positively affect employee performance (Goodnight, 2011). Laissez-faire leaders have characterized very little guidance from leaders; literally, this type of style complete freedom for followers to make a decision. Laissez-faire leaders have little or no authority within their group or organization. Laissez-faire leadership style gives subordinates complete decision-making power and neglects employee needs, resulting in a lack of control for leaders (Richard et al., 2009). However, in certain situations and industries, this style can positively impact employee performance (Goodnight, 2011; Mawoli et al., 2017). However, in certain situations and industries, this style can positively impact employee performance (Goodnight, 2011; Mawoli et al., 2017).

Most leadership styles highly rest upon the work environment and setting of the organization before any action is performed. There is many leadership styles out there and the applicability depends on many turbulent business environments (McShane et al., 2009). Now Autocratic,

Democratic and Laissez-faire leadership styles is taken for this study and an effort is made to see if one particular style is being practiced in consulting companies like Transnational Engineers Consulting P.L.C.

## **2.2. Review of Empirical Literature**

Abdul Basit et.al (2017) researches to investigate the impact of leadership style on employee performance in private companies and governmental agencies in Malaysia. The convenience sampling techniques and quantitative approach is used. Descriptive analysis and regression analysis is presented. A researcher distributed a five-point Likert scale questionnaire and SPSS software is used to analyze the collecting data. The finding concluded that the democratic leadership style has a positive approach to employee performance. The Autocratic leadership style shows a significant negative impact on employee performance. Laissez-Faire leadership style has a positive impact on employee performance.

Umaru Danladi et.al (2014) conducted research to look at the extent to which the relationship between leadership style and employee performance in an organization at Federal capital territory Abuja. The study uses a questionnaire and interview to gather the data and statically analyze using correlation analysis with the help of SPSS. The finding of the result reveals that good leadership style and employee performance have higher regression and this shows that the good leadership style has a significant effect on the prosperity of the organization.

Iqbal et.al (2015) presents a study to investigate the effect of leadership style on employee performance. In this research, a quantitative approach and secondary resource type is used. The finding shows that the Autocratic leadership style is used for short-term periods and the Democratic leadership style benefits all time horizons. Additionally, the study presents its conclusion that the situation in which leader exercises their role is highly affected by the leadership style. Muhammad Asrar-Ul-Haq et.al (2016) researched the study of examining the impact of leaders" style on subordinate performance in the banking sector of Pakistan. The study used a sample of 224 full-time employees of various banks in a non-random purposeful sampling technique and a questionnaire is distributed for data gathering. During the study, SPSS and inferential statistics is used to test the Hypothesis. The finding of the research reveals that there is a positive relationship between transformational leadership style and employee performance but negatively related to Laissez-faire leadership style. Besides this, the study shows that the high turnover of employees in the bank sector is due to the

leader's behavior and the study shows such problems can be overcome through developing effective leaders.

According to Getinet Shigute (2020) study EPHARM, transactional leadership style has high impact on employee performance when compared to transformational and laissez-faire leadership style. He recommends practicing transactional leadership style at working environment of EPHARM, laissez faire leadership style had a negative correlation and transformational leadership had statistically insignificant correlation with employee performance and supervisors in EPHARM have to consider the negative impact before practicing their characters.

The study made by Hildana Tadesse, effects of leadership style on employee performance in Medtech Ethiopia, The descriptive statistics result shows that Medtech Ethiopia more practice democratic leadership style compare to autocratic and Laissez faire leadership style. The result of the regression analysis also indicated that democratic leadership style has a positive and significant relationship with employees' performance. The researcher concluded that the leadership style applied in the Medtech Ethiopia were significantly affects the employee performance.

### **Research Gaps**

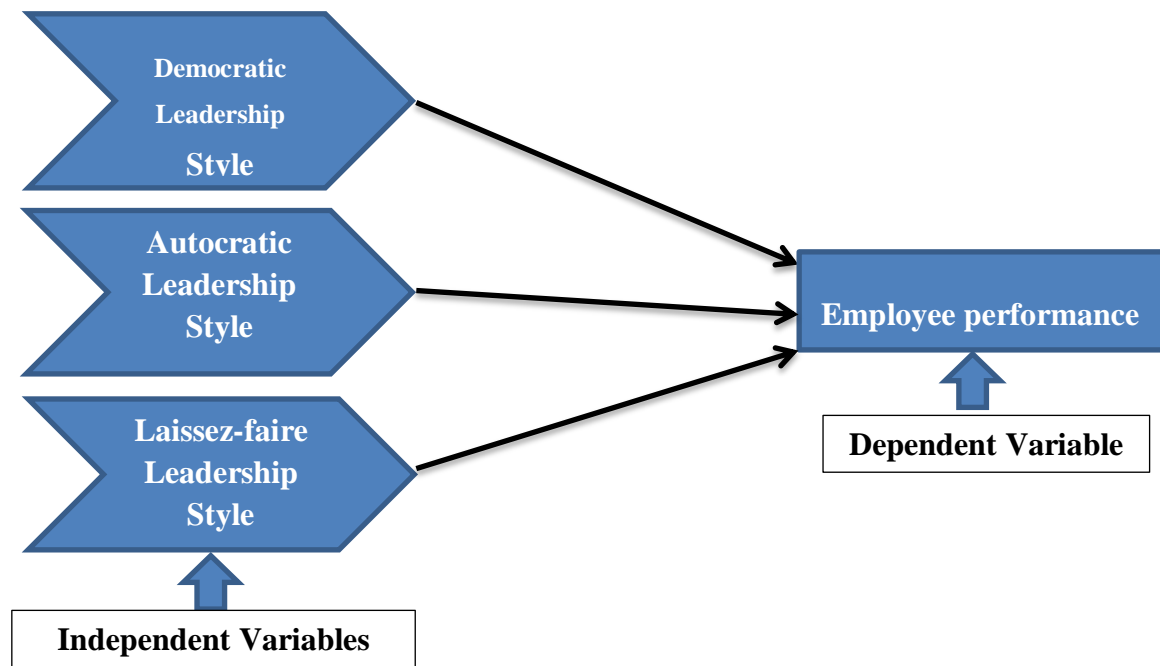
Despite the bulky empirical studies on the effect of leadership styles on employee performance, most of which were concentrated in industries in developed countries and sometimes with contrasting outcomes. For instance, the study by Gimuguni, et al. (2014) established positive correlation of laissez-faire style with employee performance score while Aboushaqah, et al. (2015) and some others have reported negative relationship. In addition, effect of leadership styles on employee performance could not be complete unless other confounding variables are controlled, which many previous studies fail to do. This study tried to fill such gaps and thus contribute to the empirical evidence from Ethiopian consulting firms.

### **2.3. Conceptual Framework**

The conceptual framework is a theoretical amplification of what the study wants to investigate and allow the readers to get the objective of the research in particular form (Leshem & Trafford, 2007). Conceptual framework is developed based on the findings of various researches in literatures. Miles & Huberman define the conceptual frameworks as a

visual or written product that explains in the form of narration, graph of what is to be studied (Miles & Huberman, 2014).

Examining how leadership style affects employees' performance at Transnational Engineers Consulting PLC is the main goal of this study. The following conceptual model is framed from a survey of the empirical and theoretical literature in accordance with the study's purpose. Employee performance is used as a dependent variable while leadership styles are used as independent variables in this conceptual framework.



Source: Developed by the Researcher, 2023

Figure 1: Conceptual framework

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3. Introduction**

The goal of the study was to look into how Transnational Engineers plc. Leadership style affected worker performance. The study's methodology and research design are discussed in this chapter. This covers the research methodology, sample size, population, data sources, and types, as well as the data collection tool applied for data analysis.

#### **3.1. Description of the Study Area**

The total population for this study consisted of both permanent and temporary employees of the Transnational Engineers Consulting P.L.C. As of April 20, 2021, the human resource data management system reports; there are 121 total employees all over different projects and out of which 15 are management employees and 26 are supervisors in different outlets of the consulting company. The remaining 80 employees are non-management employees consisting of 66% total number of employees.

#### **3.2. Research Design**

In this research, the explanatory type of study is used. This type of research emphasizes the relationship between the causes and effects of variables. Thus the study strived to analyze the effects and relationship of variables such as Autocratic leadership style, Democratic leadership style, and laissez-faire leadership style on employees' performance in Transnational Engineers Consulting P.L.C. In line with this; the description of the respondent's reactions to the five-point Likert scale are used in detail.

#### **3.3. Target population**

The target populations of this study are employees of Transnational Engineers Consulting P.L.C including the management and supervisors of the company in various departments and, non-permanent employees. By considering the above points the study are conducted at the head office of Transnational Engineers Consulting P.L.C around Meskel Flower road in front St.Yared Church Hailu Abebe Building 2nd Floor. Addis Ababa.

### 3.4. Sample size and Sampling Techniques

#### 3.4.1. Sample Size Determination

To determine the sample size and representative of the target population, the study used statistical instrument formula. The mathematical formula is adopted from (Gliem, 2003).

$$n = \frac{N}{1 + N(e)^2}$$

The study assumes that the margin of error is 5% and confidence level or error-free of 95%. Therefore, by including the permanent employees who are working less than one year and non-permanent employees we have 121 employees as target populations.

$$n = \frac{121}{1+121(0.05)^2} = \underline{\underline{93 \text{ employees}}}$$

$$n = \text{sample size } N = \text{population } e = \text{error margin}$$

Therefore, **93** employees are incorporated out of a total of 121 populations in the study. The obtained sample size is also proportionate to each study group proportionate as follows

#### 3.4.2. Sampling Technique

Table 1: Proportional Sample Size

Stratum	Number of employees	Sample size proportion
General Manager	3	0.77*3=2
Structural Engineer	4	0.77*4=3
Highways Engineer	6	0.77*6=5
Geotechnical Engineer	2	0.77*2=1
Hydrologist/Hydraulic Engineer	2	0.77*2=1
Environmentalist	1	0.77*1=1
Resident Engineer	5	0.77*5=4
Assistant Resident Engineer	3	0.77*3=2
Pavement / Materials Engineer	8	0.77*8=6
Senior Quantity Surveyor	4	0.77*4=3
CADD Engineer/Drafts Person	10	0.77*10=8
Senior Surveyor	6	0.77*6=5
Structural Inspector	11	0.77*11=8

Material Inspector	14	$0.77*14=11$
Inspector of Works	5	$0.77*5=4$
Laboratory Technician	10	$0.77*10=8$
Junior Structural Engineer	6	$0.77*6=5$
Junior Highway Engineer	8	$0.77*8=6$
Junior Claims Expert	9	$0.77*9=7$
Junior Quantity Surveyor	4	$0.77*4=3$
	<b>TOTAL=121 employees</b>	<b>93 employees</b>

### 3.5. Source of Data

The study's sources of data are both primary and secondary data about the topic that the study is trying to cover.

#### 3.5.1. Primary Source

The primary source of data is obtained through questionnaire results. The sources of data are from the main parties in the construction projects namely the consultant side (General Manager, Resident Engineer, office engineers, and others).

#### 3.5.2. Secondary Source

Secondary data is collected from secondary sources of data such as books, journals, reports, and related articles from the internet. These Secondary data is then used to prepare questionnaires about the topic under discussion. Closed-ended questionnaires is prepared and distributed for all selected respondents

### 3.6. Data Collection Methodology

Document review: Secondary data about road construction projects such as books, journals, internet sources, archival documents, are reviewed to understand the background of productive management of employees in the construction sector. These secondary sources provided a general understanding of the subject area by presenting a wide range of ideas in the field which helped to supplement other specific information obtained from the primary data sources.

Questionnaire: Secondary data are used to prepare be questionnaires concerning the topic under discussion. Closed-ended questionnaires are prepared and distributed to all selected respondents. The best appropriate method to gather primary data is to hand out the

questionnaire. Five-point Likert scale questionnaires are established to deliver the participants' comfort for replying to the questions according to their degree of agreement (McLeod, 2008). The Likert scale follows the format of starting range: 1 “Strongly disagree”, 2 “Disagree” 3 “neutral” 4 “Agree” 5 “Strongly agree”. The questionnaires are created with the following variables in mind: democratic leadership, autocratic leadership, laissez-faire leadership, and employee performance.

### **3.7. Data Analysis and Presentation**

The fundamental component of the research study is data analysis. Based on the data analysis and interpretation, conclusions and findings should be reached. Data is therefore examined in accordance with its qualitative and quantitative nature. The information obtained from Statistical Packages for Social Science (SPSS) version 20 was used to analyze the responses. The data were appropriately arranged and set up for codification after being collected from the circulated questionnaire. The coded data were then fed into the SPSS program after that. Descriptive statistics (such as the mean and standard deviation) were used to examine the data and describe the demographic characteristics. Additionally, descriptive assessments of the relationship between employee performance and different types of leadership have been carried out.

### **3.8. Validity**

Validity of measurement is the critical criteria that indicate if a measuring instrument is measuring what it is supposed to measure. To minimize problems related to validity the questionnaire are carefully designed so that it includes all the topics covered by the study. Validity, means that the individual results of an instrument are significant and allow the researcher to draw valid conclusions from the sample population being studied (Cresswell, 2003).

### **3.9. Research Ethics**

Each study participant's respect, dignity, and freedom have been guaranteed through the implementation of measures. It has also been underlined that the study subjects' complete confidentiality was maintained; nowhere in the final report were the names of the respondents listed. Participants were first given information about the study's objectives and asked for their permission to participate. A written informed consent that details the nature of the research endeavor and the reason for one's participation is typically presented, according to

Creswell (2009). Their involvement was entirely voluntary, and confidentiality and anonymity were assured when managing the data.

## CHAPTER FOUR

### Data Presentation Analysis and Interpretations

#### 4. Introduction

This study section aimed to thoroughly investigate the impact of employee performance in the case of Transnational Engineers plc. A total of 93 surveys were distributed to the company's permanent staff, and an impressive 94.2% of the responses were deemed valid for further examination. Out of the 89 valid surveys, all were correctly completed and usable. The questionnaire consisted of five scales, ranging from strongly agreeing (5) to strongly disagreeing (1). To analyze the data, SPSS version 20, powerful statistical software, was employed. The demographic analysis utilized frequencies and percentages, while the descriptive analysis examined both the dependent and independent variables' mean and standard deviation.

#### 4.1. Demographic Background of the Respondents

Data on respondents' demographics was collected and analyzed. Variables included were gender, age, educational background, and work experience.

Table 2: Demographic background of respondents

ITEMS	CATAGORIES	FREQUENCY	PERCENTAGE
<b>GENDER</b>	male	52	58%
	Female	37	42%
	TOTAL	89	100.0%
<b>EDUCATION</b>	Diploma	15	16%
	Bachelor's Degree	57	65%
	Master's Degree	17	19%
	TOTAL	89	100.0%
<b>EXPERIENCE</b>	< 5years	51	58%
	5-9 years	19	22%
	10-14 years	8	8%
	15-19years	11	12%
	TOTAL	89	100.0%
<b>AGE</b>	21-30	71	80%
	> 30-40	16	18%
	>40-50	1	1%
	above 50	1	1%
	TOTAL	89	100.0%

Source: researcher's computation and SPSS 20 output results.

This section provides information about the participants' demographic details. The Gender category displays the number and percentage of male and female respondents in the study. Table 2 demonstrates that out of 89 participants, 52 were male (58%) and 37 were female

(42%). The majority of participants were male employees, and only a small percentage of workers were over 51 years of age. Additionally, the data indicates that most of the respondents were below 40 years old, with over half of them being between the ages of 31 and 40.

The Education category presents the frequency and percentage of participants with different education levels. Table 3 shows that out of 89 participants, 15 had a Diploma (16%), 57 had a Bachelor's Degree (65.3%) and 17 had a Master's Degree (19%). The majority of participants had a Bachelor's Degree, followed closely by Master's Degree holders. These findings may be beneficial for Transnational Engineers plc. To consider while devising recruitment, retention, and employee development strategies. By understanding their workforce's demographics and educational backgrounds, they can tailor their approach to better meet their employees' needs and expectations.

The Experience section provides a comprehensive breakdown of the participants' experience levels. As observed, out of the 89 participants, 58% had less than five years of experience, 22% had 5–9 years of experience, 8% had 10–14 years of experience, and only 12% had 15–19 years of experience. This indicates that the newer recruits are replacing many experienced individuals. Therefore, it is crucial for executives to ensure that the organization's service values are instilled in the new staff. Having seasoned personnel available can help the new staff benefit from their knowledge and better understand their duties and responsibilities, thus making things easier for their supervisors.

The Age segment illustrates the occurrence and proportion of respondents in distinct age brackets. The tabular information is indicative of the fact that amongst the 89 individuals, 80% were aged between 21 and 30 years, 18% were aged between 30 and 40 years, 1% were in the age bracket of 40 to 50 years, and another 1% were above 50 years of age.

## **4.2. Descriptive Analysis of Leadership Style**

This section of the research attempts to demonstrate the findings of the descriptive analysis of leadership styles. The three most common types of leadership styles were investigated here. The first is autocratic, with six statements to evaluate, and the second is democratic, with six statements to evaluate. The third is laissez-faire leadership, which will be examined through six statements. To assess the level of practice of each type of leadership, descriptive analysis was implemented. The mean value and standard deviation were calculated, analyzed, and

interpreted to determine the extent of the leadership style practiced in the case organization. The scale used in this assessment was based on the Likert scale's five measurement scales and was also named after Liker. The respondents' responses range from strongly disagreeing labeled as one (1) to strongly disagreeing labeled as five (5). The descriptive analysis findings are organized and presented in the following tables based on the research objective:

#### 4.2.1. Autocratic Leadership Style

Table 3: Autocratic leadership style

Item	N	Mean	Std. Deviation
My manager believes employees need to be supervised closely, or they will be not likely to do their work.	89	3.0612	.98759
Rewards or punishments in order to motivate them to achieve organizational objectives.	89	3.2041	1.13614
The service deliver processes takes short time.	89	3.2653	1.07578
Leader stays out of my way as I complete my task.	89	3.1224	1.11117
Customers have a positive feedback after they receive the service.	89	3.6531	1.26740
My manager believes effective leaders give orders and clarify procedures.	89	3.7755	1.04613
<b>Average mean</b>		<b>3.346933</b>	<b>1.104035</b>

Source: researcher's computation and SPSS 20 output results.

The items in table 3 are statements related to autocratic leadership style, and the respondents were asked to rate their agreement with each statement on a scale of 1 to 5. An autocratic leadership style is a type of leadership where the leader has complete control over the decision-making process and does not involve subordinates in the decision-making process. The table shows the results of a survey on autocratic leadership style, where the respondents were asked to rate their agreement with statements related to autocratic leadership style.

The first item in the table is "My manager believes employees need to be supervised closely, or they will not be likely to do their work." The N (number of respondents) for this item is 89, and the Mean (average rating) is 3.0612, with a standard deviation (a measure of variability) of 98759. The second item in the table is "Rewards or punishments in order to motivate them to achieve organizational objectives." The N for this item is 89, and the Mean is 3.2041, with a standard deviation of 1.13614. The third item in the table is "The service delivery process takes a short time." The N for this item is 89, and the Mean is 3.2653, with a standard deviation of 1.07578. The fourth item in the table is "Leader stays out of my way as I complete my task." The N for this item is 89, and the Mean is 3.1224, with a standard

deviation of 1.11117. The fifth item in the table is "Customers have positive feedback after they receive the service." The N for this item is 89, and the Mean is 3.6531, with a standard deviation of 1.26740. The sixth item in the table is "My manager believes effective leaders give orders and clarify procedures." The N for this item is 89, and the Mean is 3.7755, with a standard deviation of 1.04613. The Mean shows the average rating and the standard deviation represents rating variation. By looking at the table, we can see how respondents perceive autocratic leadership and improve practices at Transnational Engineers. The Average mean is 3.346933, and the Average standard deviation is 1.104035, indicating disagreement among respondents about their leader's authoritative style. This suggests autocratic leadership is not common at Transnational Engineers.

#### 4.2.2. Democratic Leadership Style

Table 4: Democratic leadership style

Item	N	Mean	Std. Deviation
My supervisor encourages delegation.	89	3.7551	1.16423
My manager needs to help subordinates accept responsibility for completing their work.	89	4.1224	.88111
In my manager view to be a good leader given guidance without pressure.	89	3.6531	1.19984
The manager let employees participate employees in decision making.	89	3.5102	1.19238
My manager believes most and two way communication from their leaders.	89	4.6735	5.96653
My manager believes it is the leader's job to help subordinates find their "passion."	89	3.2489	1.25051
<b>Average mean</b>		<b>3.826533</b>	<b>1.942433</b>

Source: researcher's computation and SPSS 20 output results.

Table 4 shows the results of a survey on democratic leadership styles. The table has items, N, Mean, and standard deviation. The items in the table are statements related to the leadership style of the manager, and the respondents were asked to rate their agreement with these statements on a scale of 1 to 5. The first item in the table is "My supervisor encourages delegation." The N (number of respondents) for this item is 89, and the mean (average rating) is 3.7551, with a standard deviation of 1.16423. The second item is a bit longer, and it reads, "My manager needs to help subordinates accept responsibility for completing their work." The N for this item is also 89, and the mean is 4.1224, with a standard deviation of 0.88111. The third item is presented in a similar format and reads, "In my manager's view, a good leader is given guidance without pressure." The N for this item is 89, and the mean is 3.6531,

with a standard deviation of 1.19984. The fourth item is "The manager let employees participate in decision-making." The N for this item is 89, and the mean is 3.5102, with a standard deviation of 1.19238. The fifth item is presented in a similar format and reads, "My manager believes in two-way communication from their leaders." The N for this item is 89, and the mean is 4.6735, with a standard deviation of 5.96653. The high standard deviation for this item suggests that there was a wide range of responses from the respondents. The sixth and final item is "My manager believes it is the leader's job to help subordinates find their 'passion'." The N for this item is 89, and the mean is 3.2489, with a standard deviation of 1.25051. The table also includes a row for the Average mean and standard deviation, which are calculated by taking the mean and standard deviation of all the items in the table. The Average mean is 3.826533, and the Average standard deviation is 1.942433. This value illustrates the agreement level of the respondents that their immediate leader or manager indeed practiced a democratic leadership style. From this result, one could conclude that democratic leadership is the most practiced leadership style in Transnational Engineers PLC.

#### 4.2.3. Laissez-Faire Leadership Style

Table 5: Laissez-faire leadership style

Item	N	Mean	Std. Deviation
In complex situations, my manager let subordinates work problems out on their own	89	3.2489	1.07103
As a rule, my manager allows subordinates to appraise their own work	89	3.4082	.91101
My manager believes in most situations, workers prefer little input from the leader	89	3.4082	.93359
In general, for my manager it is best to leave subordinates alone	89	2.8776	1.03345
My manager gives subordinates complete freedom to solve problems on their own	89	2.8980	1.10387
My manager requires staying out of the way of subordinates as they do their work	89	3.6531	.90257
<b>Average mean</b>		<b>3.24833</b>	<b>0.992587</b>

Source: researcher's computation and SPSS 20 output results.

Table 5 shows the results of a survey on the laissez-faire leadership style. This style is characterized by a hands-off approach where the leader gives subordinates a lot of freedom to work independently. The Mean is the average score given by the participants for that statement, on a scale of 1 to 5 and Std. Deviation is a measure of how much the scores varied among the participants.

Each row in the table corresponds to a different statement about the laissez-faire leadership style, and the results show how the participants responded to each statement. The first statement (Item 1) suggests that the manager allows subordinates to work out complex problems on their own. The participants gave an average score of 3.2489; with a standard deviation of 1.07103. The second statement (Item 2) suggests that the manager allows subordinates to appraise their own work. The participants gave an average score of 3.4082; with a standard deviation of .91101. The third statement (Item 3) suggests that the manager believes workers prefer little input from the leader. The participants gave an average score of 3.4082, with a standard deviation of .93359. The fourth statement (Item 4) suggests that the manager thinks it's best to leave subordinates alone in general. The participants gave an average score of 2.8776; with a standard deviation of 1.03345. The fifth statement (Item 5) suggests that the manager gives subordinates complete freedom to solve problems on their own. The participants gave an average score of 2.8980, with a standard deviation of 1.10387. The sixth statement (Item 6) suggests that the manager requires staying out of the way of subordinates as they do their work. The participants gave an average score of 3.6531, with a standard deviation of .90257.

The study indicates that participants perceive the manager as having a laissez-faire leadership style, allowing subordinates to work independently. However, there is variation in responses, suggesting not all subordinates feel comfortable with this style. Transnational Engineers PLC practices a laissez-faire leadership style, as many respondents agreed.

#### 4.2.4. Employee's Performance

Table 6: Employees' own performance rating

Item	N	Mean	Std. Deviation
Customers have a positive feedback after they receive the service.	89	3.9592	1.17188
I actively participated in work meetings and training.	89	3.8571	1.08012
My supervisor is a team player.	89	3.4694	1.06266
I am given the needed support by my supervisor to builds team spirits.	89	3.5918	1.07855
I receive the needed support from my supervisor to meet my duties	89	3.6735	1.1293 4
My performance is limited by the poor leadership of my supervisor	89	2.857	1.5679
<b>Average mean</b>		<b>3.568</b>	<b>1.181058</b>

Source: researcher's computation and SPSS 20 output results.

The purpose of measuring performance is not only to know how a business is performing but also to enable it to perform better. The ultimate aim of implementing a performance measurement system is to improve the performance of an organization so that it may better serve its customers, employees, owners, and other stakeholders (Johnson, 1981).

Table 6 displays the number of employees, mean score, and standard deviation of the survey. Out of 89 employees, the highest mean score (3.9592) was for "Customers have positive feedback after receiving the service," while the lowest mean score (2.857) was for "My performance is limited by the poor leadership of my supervisor." The standard deviation indicates the degree of variation in scores, with higher scores indicating more spread out and lower scores indicating more consistency.

In the analysis of the descriptive statistics (Zaidatol 2009) comparison bases of mean score for five point Likert scale instrument is used to compare the mean value as shown in the following table.

Table 7: Mean Score Measurement

Mean score value	Descriptions
<3.39	Low
3.40-3.79	Moderate
>3.80	High

According to Zaidation (2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

Table 8: Summary of descriptive analysis

	Variables	Average Mean	Std. dev.
1	Autocratic leadership style	3.346933	1.104035
2	Democratic leadership style	3.826533	1.942433
3	Laissez-faire Leadership Style	3.248333	0.992587
4	Employees performance	3.568	1.181058

Source: researcher's computation and SPSS 20 output results.

As illustrated in the above table 8, it was observed that the democratic leadership style had the highest mean score of 3.82 (SD = 1.94) than the other leadership style; so it is safe to say

that the majority of the respondents agreed that the behaviors of leaders moderately incline to the democratic leadership style in the Transnational Engineers PLC, while their level of agreement with the laissez-faire leadership style was found to be very low. From the above table 9, the mean score value for the Laissez-faire leadership style is 3.25 (SD = 0.992), which is less than 3.39 based on Zaidation (2009) mean score measurement comparison. It declines to a lower level, which shows that the respondent's level of agreement is low. As illustrated in the table above, the mean value for the Autocratic leadership style is 3.35 (SD = 1.10), which is less than (3.39) based on Zaidation (2009) mean score measurement comparison. It declines to lower ranges, and employees believe that the Autocratic leadership style has been exercised by their leaders at a low level. From the above table, we can infer the respondent's response regarding the performances of employees, which demonstrates a mean score value of 3.57 (SD = 1.18). This shows that based on Zaidation(2009) mean score measurement comparison, employees agreed they performed well in overall job performance. This denotes that autocratic and Laissez-faire Leadership styles are poorly practiced in transnational engineers PLC.

### **4.3. Reliability**

Reliability is fundamentally concerned with issues of consistency in measures, whereas validity is the degree to which an instrument measures what it is supposed to measure. (Bryman and Bell, 2003).The total number of complete feedbacks received was 89. Reliability is concerned with the consistency of results obtained by a measuring instrument. To ensure reliability in this study the questionnaire adopted is compared with prior conducted studies and external factors such as fatigue and boredom are minimized to the possible extent. And it is determined by the Cronbach's alpha ( $\alpha$ ) coefficient, which is one of the popular criteria of reliability in quantitative studies. It is measured on a scale of 0 to 1.0, and an instrument is viewed extremely reliable if the instrument has a reliability coefficient statistic of  $\alpha > .80$ . The instrument is considered very reliable if  $\alpha > .70$ , and reliable if  $\alpha > .60$ ; when  $\alpha < .60$ , reliability is considered poor to barely reliable. The reliability of an instrument contributes to its validity, as a reliable instrument will measure what it is supposed to measure and not something else. Therefore, results after consistent questionnaire were valid and more exact (Burg-Brown, 2016).

Table 9: Cronbach's Alpha Result

No	Descriptions	Cronbach's alpha	No of items
1	Autocratic leadership style	.756	6
2	Democratic leadership style	.758	6
3	Laissez-faire leadership style	.781	6
4	Employees performance	.874	6

In Table 9, it is evident that the data displays good internal consistency. The democratic leadership style has the highest Cronbach's alpha value (0.758), indicating very reliable for six questions. The Laissez-faire leadership style has the second-highest Cronbach's alpha value (0.781), which is also indicating very reliable for six questions for six questions. Cronbach's alpha value for the autocratic leadership style is the lowest and reliable (.756), but it still demonstrates a very reliable. The performance of employees has the highest Cronbach's alpha value (0.874), showing the greatest uniformity in internal consistency among the six questions.

#### 4.4. Correlation Analysis

The correlation between the dependent and independent variables are analyzed using SPSS. A correlation is a distinct number that defines the point of relationship between two variables. According to Gujarati (2004), the correlation shows that the strength of relationship between the independent variables (Autocratic leadership style, Democratic leadership style and Laissez-faire leadership style) with the dependent variable which is employee performance. The item that should be noticed is the probability (p) value. If  $p > 0.05$ , it means that independent variable does not influence the dependent variable. If  $p < 0.05$  it means that independent variable influences the dependent variable (Pallant, 2010). The test also indicates the strength of a relationship between variables by (r) value that can range from -1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation (Pallant, 2010). For the rest of the values is used the following guideline: weak correlation for value 0.1 to 0.29; moderately strong for 0.3 to 0.89; and strong for 0.50 to 1.0 (Pallant, 2010).

Table 10: Pearson Correlation between Autocratic Leadership Style and Employee Performance.

Variables	Employees performance	Autocratic leadership style

Employees performance	1	
Autocratic leadership style	.893**	1

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

Source: researcher’s computation and SPSS 20 output results.

As illustrated in the above table 10, there is a positive correlation between autocratic leadership style and employee performance ( $r = 0.893$ ,  $n = 89$ ,  $p = .000$ ). This implies that Autocratic leadership styles have a positive relationship with employee performance. And since  $p < 0.05$  it means that independent variable influences the dependent variable (Pallant, 2010).

Table 11: Pearson Correlation between Democratic Leadership Style and Employee Performance

Variables	Employees performance	Democratic leadership style
Employees performance	1	
Democratic leadership style	.310*	1

**\*.** Correlation is significant at the 0.05 level (2-tailed).

Source: researcher’s computation and SPSS 20 output results.

As illustrated in table 11, the statistical results of the correlation between Democratic leadership style and employee performance as given in Table 11 show ( $r = 0.310$ ,  $n = 89$ ,  $p = 0.030$ ), which is a moderately strong correlation and implies that there is a positive relationship between Democratic leadership style and employee performance. When Democratic leadership is practiced, employees are included in organizational decision-making and encouraged to generate new ideas. This fosters a positive relationship between leaders and employees, which ultimately leads to improved employee performance.

Table 12: Pearson Correlation between Lassize-faire leadership style and Employee performance

Variables	Employees performance	Lassize-faire leadership style
Employees performance	1	
Lassize-faire leadership style	.139	1

Source: researcher’s computation and SPSS 20 output results.

As illustrated in table 12, the correlation between the Laissez-faire leadership style and employee performance is described as ( $r = 0.139$ ,  $n = 89$ ,  $p = 0.340$ ). As described earlier, According to the data, it is evident that the correlation between laissez-faire leadership style and employee performance is comparatively weaker than the other two variables. Therefore, it can be inferred that the laissez-faire style may not have a substantial impact on employee performance.

Table 13: Summary of Pearson Correlation tables

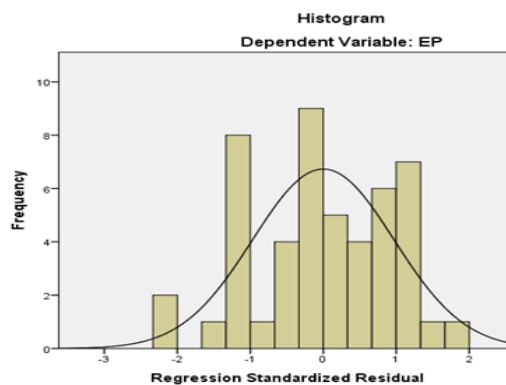
Variables	Employees performance	Autocratic Leadership Style	Democratic Leadership Style	Laissez-faire leadership style
Employees performance	1			
Autocratic Leadership Style	.893**	1		
Democratic Leadership Style	.310*	.157	1	
Laissez-faire leadership style	.139	.129	.467**	1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Source: researcher’s computation and SPSS 20 output results.

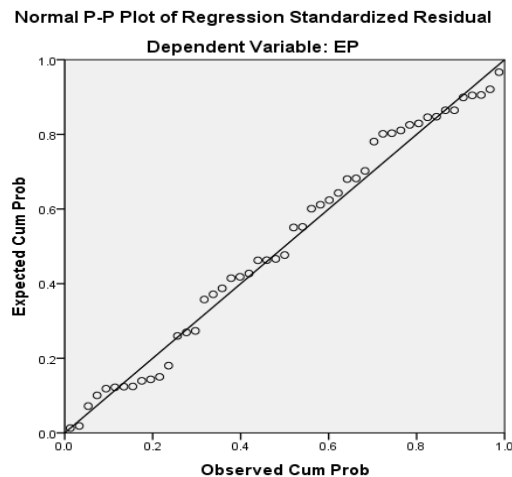
Normality test: This test was applied to control whether data is well modeled by a normal distribution or not and to calculate in what way an underlying random variable is likely to be normally distributed. If the residuals are normally distributed, the histogram should be bell-shaped.



Source: researcher’s computation and SPSS 20 output results.

Figure 2: Histogram to check normality of data.

Linearity test: The relationship between the dependent and independent variables should be linear concerning their parameters, which are checked by the scatter plot of the dependent variable against that of the standard deviation predicted. As indicated below, the plot shows that there is an approximately linear relationship between employee performance and the set of predictor variables represented by the standardized predicted value.



Source: researcher's computation and SPSS 20 output results.

Figure 3: Normal P-P plot of regression standardized Residual

## 4.5. Regression Analysis

Multiple regression analysis was conducted to examine how the independent variables explain the dependent variable (employee performance). Before performing a linear regression analysis the researcher have checked the necessary assumptions were not violated.

### 4.5.1. Multicollinearity Test

The assumption of multicollinearity suggests that the independent variables are not overly correlated with one another. To test this, the researcher examines bivariate correlations. According to Menard (1995), Tolerance must be  $> 0.2$  and the Variance Inflation Factor (VIF) should be  $< 10$ . All of the correlation coefficients for this study are less than 0.80 (as shown in table 16 and the VIF value is less than 10, indicating that there is no Multicollinearity).

Table14: Multicollinearity Test Results

Variables	Collinearity Statistics	
	Tolerance	VIF
LF	.779	1.284
DL	.773	1.294
AL	.971	1.030

a. Dependent Variable: EP

Source: researcher's computation and SPSS 26 output results

Table 15: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.548 <sup>a</sup>	.300	.253		.63054

**a. Predictors: (Constant), Autocratic, Democratic, Laissez-faire leadership styles**

**b. Dependent Variable: Employee performance**

Source: researcher's computation and SPSS 20 output results.

Based on the data presented in Table 15, it is evident that there is a significant correlation between employee performance and leadership style. The values of  $R^2$  and Sig confirm that leadership style has a considerable impact on employee performance. Moreover, the adjusted R square value of 0.253 indicates that leadership style accounts for around 25.3 percent of the variation in employee performance. However, it is important to note that other types of leadership styles that were not studied may influence the remaining 74.7 percent.

Table 16: ANOVA of Employees performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.660	3	2.553	6.422	.001 <sup>b</sup>
	Residual	17.891	45	.398		
	Total	25.551	48			

**a. Dependent Variable: EP**

**b. Predictors: (Constant), Autocratic, Democratic, Laissez-faire leadership styles**

Source: researcher's computation and SPSS 20 output results.

Based on the ANOVA table, it is evident that the model is satisfactory. The outcomes reveal that the F-statistics (6.422) hold great significance with a p-value of .001, which is below 5%. This indicates that the model is very efficient and explains a significant portion of the total variability.

Table 17: The coefficient table results from the regression test

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.533	.644		2.381	.022
	LF	-.089	.175	-.040	-.282	.779
	DL	.139	.077	.257	1.812	.027
	AL	.897	.137	.458	3.615	.001
<b>a. Dependent Variable: Employees performance</b>						

Source: researcher's computation and SPSS 20 output results.

The model that used to estimate the effects of leadership style on employee performance would be the following;

$$\text{Performance} = C + \beta_1(\text{LFLS}) + \beta_3(\text{DLS}) + \beta_2(\text{ALS})$$

$$\text{Performance} = 1.533 + -0.089 (\text{LFLS}) + 0.139 (\text{DLS}) + 0.897 (\text{ALS})$$

#### 4.6. Discussion of Findings

In this section, we will conduct a thorough analysis of the study's results and compare them to other studies to identify any similarities and differences that may exist. The table 17 above presents the constant, beta value, and p-value of the variables to determine the validity of the hypothesis. Notably, the p-values for each variable are 0.779, 0.027, and 0.001, and the standardized beta coefficients are 0.175, 0.077, and 0.137. It is worth mentioning that the Laissez-faire leadership style's p-value is greater than 0.05, indicating that it has no significant impact on employee performance. However, the autocratic leadership style (ALS) has been found to have a statistically significant impact at a 1 percent significance level. According to the coefficient estimate, there is a strong and direct relationship between employee performance and authoritative leadership style (ALS), with a significance level of 1

percent. This suggests that the ALS approach is effective in improving employee performance.

On the other hand, democratic leadership style (DLS) has a positive and statistically significant relationship with employee performance. Thus, it can be concluded that an increase in those variables (DLS) and (ALS) leads to an increase in employee performance at Transnational Engineers PLC. Based on this finding and the multiple linear regression results, the first hypothesis developed was that H1: Autocratic leadership style has a significant effect on employee performance. The hypothesis has been accepted as its p-value is  $<0.05$ . Hence, we conclude that Autocratic leadership styles have significant effects on employee performance. Accordingly, the second hypothesis, which states that H2: Democratic leadership style has a significant effect on employee performance, has a positive relationship between these two variables, which is supported by the data collected on this survey as its p-value is 0.027. The third hypothesis states that H3 (Laissez-Faire leadership style) has a significant effect on employee performance. This hypothesis is not supported by this investigation, and the data analysis shows that it has a p-value  $> 0.05$ , which is 0.779. A laissez-faire leadership style has no significance for employee performance.

## **CHAPTER FIVE**

### **Conclusion and Recommendations**

#### **5. Introduction**

In this chapter the summary of the findings from the analysis are presented. Conclusions and recommendations are drawn based on the study. The very purpose of the study is to investigate the effects of leadership styles on employees' performance in the case of transnational engineering plc. The study also has specific objectives to assess the effect of Autocratic, Democratic and Lassize -faire leadership style on employees' performance and to determine which leadership style significantly affects employees' performance in the transnational engineering P.L.C. The study has its own importance on identifying leaders' behaviors and their practice on leading the followers has an impact on the results of the overall performance in achieving the missions and visions of the consulting company.

#### **5.1. Summary of major findings**

This study aimed to examine how the leadership style used at Transnational Engineers P.L.C. impacted employee performance. To accomplish this, data was gathered from working groups that were most influenced by management's leadership style. All survey participants were full-time, permanent employees. The study's findings were analyzed by examining several sources, including questionnaires and report reviews. The primary and secondary source data were analyzed using themes derived from the research questions and objectives. The raw data was sorted, revised, organized, and studied using quantitative methods. The study reveals that Transnational Engineers plc. has a diverse workforce, with 58% having less than five years of experience, 22% having 5–9 years of experience, 8% having 10–14 years of experience, and only 12% having 15–19 years of experience. The majority of participants were below 40 years old, with over half being between the ages of 31 and 40. The study highlights the importance of understanding the demographics and educational backgrounds of the workforce to tailor recruitment, retention, and employee development strategies. Additionally, the age distribution of the respondents indicates that 80% were aged between 21 and 30, 18% between 30 and 40, 1% between 40 and 50, and another 1% above 50 years of age.

In Transnational Engineers PLC's leadership style is characterized by moderately democratic behaviors, with a high mean score of 3.82. The Lassize-faire leadership style has a low mean score of 3.25, while the Autocratic leadership style has a mean score of 3.35. Employees believe that the Autocratic leadership style is poorly practiced, with a mean score of 3.57. Overall, employees believe that the Transnational Engineers PLC's leadership style is well-executed, indicating a moderately democratic leadership style. The highest coefficient of correlation in the research is lye between the autocratic leadership style and employee performance ( $r = 0.893$ ,  $n = 89$ ,  $p = .000$ ).

The regression ANOVA shows a satisfactory model, with F-statistics (6.422) holding significant significance ( $p$ -value 0.001), explaining a significant portion of total variability. This indicates the model's efficiency and reliability.

## **5.2. Conclusions**

Based on the data analysis and summary of major findings, the following conclusions were drawn: forwarded based on research objectives and questions:

The primary objective of the study was to identify the dominant leadership style present within Transnational Engineers plc. A descriptive analysis was carried out in order to gain a more in-depth understanding of the organization's management dynamics. There were only two predominant leadership styles practiced within the company. Among these, autocratic leadership was found to be the most common approach adopted by immediate supervisors at Transnational Engineers plc. These leaders would take full control of decision-making processes and expect unwavering compliance from their subordinates. However, the study also revealed that democratic leadership was practiced to a certain degree within the organization.

Autocratic leadership styles have a positive effect on employee performance. The results show that the employees' performance would be enhanced when an autocratic approach was practiced, and it is statistically significant. There is a condition in which Autocratic leadership is important when urgent decisions is needed and team agreement on decisions are not important in addition to that the behaviors of the members is not difficult to manage.

Lassize-faire leadership style is one of the independent variable but it has no any significant effects on employees' performance in this study for this reason we can reject this hypothesis due to insignificant relationships with employees performance.

### 5.3. Recommendations

Based on the summary of major findings and conclusion, the following recommendations were made: forwarded based on research objectives and questions;

- A leadership style is particular behaviors applied by a leader to motivate subordinates to achieve the objectives of the organization Alexander (2002). To achieve organizational objectives and goals, it is important to apply the appropriate leadership style based on the environment and situation. Leaders must take into account the impact of different leadership styles on employee performance. They should also evaluate the environment and situation to determine the most appropriate leadership style to use under the given circumstances.
- Understanding and utilizing the appropriate leadership style, such as democratic leadership, is crucial for fostering a productive and empowered work environment. Democratic leadership encourages open communication, collaboration, and shared decision-making among team members at Transnational Engineers plc. By embracing this approach, leaders promote a sense of responsibility and ownership within the group, fostering creativity and innovation. Employees become more invested in their work, leading to increased levels of job satisfaction and higher performance outcomes.
- Transnational Engineers plc. Must diligently work towards improving their leadership styles in order to achieve optimal organizational performance. This is crucial because effective leadership acts as a driving force that inspires employees, fosters a positive work environment, and assists in accomplishing the company's goals. To attain the desired improvement in leadership style, organizations should provide their leaders with continuous training, workshops, and mentorship programs designed to cultivate critical thinking and emotional intelligence.

In general, the researcher suggests that the most appropriate leadership style should depend on the leader's purpose, the employees, and the situation.

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**Appendix I**  
**QUESTIONNAIRES**  
**ADDIS COLLEGE**

**DEPARTMENT OF PROJECT MANAGEMENT**

Dear Respondents:

The main purpose of this questionnaire is to collect data which will be helpful in research work titled the effects of leadership styles on employee performance in the case of Transnational Engineers Consulting PLC.

I would like to assure you that this research is only for academic purpose in the partial fulfillment of the requirement for MA in Business Leadership. The information that you provide is confidential and no other person will have access to the data collected. You will be kindly requested to give genuine and appropriate responses. The researcher is interested to thank you in advance for your cooperation and kindness

For your more information

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**SECTION ONE: GENERAL INSTRUCTIONS,**

There is no need of writing your name. In all cases is answer options will be available please tick (✓) in the appropriate box. For questions that demand your opinion, please try to honesty describe as per the questions on the space provided.

Answer the following questions by putting the symbol (✓) in the boxes in front of your choice or write in the space provided.

1. Specify your Gender;

Male  Female

2. Specify your educational level;

Diploma  Bachelor's Degree  Master's Degree

PhD (Doctorate Degree)

3. Specify your years of work experience in the organization;

< 5years  5-9 years  10-14 years  15-19years  >20 years

4. Age [21]-30  > 30-[40]  >40-[50]  above 50

## SECTION TWO: MEASUREMENT FOR LEADERSHIP STYLES

INSTRUCTION: These leadership behaviors related questions will be intended to measure your perception of leadership behavior of you supervisors or managers in three dimensions such as Democratic leadership style, Autocratic leadership style and Laissez- faire leadership style. Please make a “√” mark on your response to each statement according to the five point scale labeled at each statement 5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= strongly disagree

N.B Leaders in this questionnaires means your outlet supervisors or managers

Items	Strongly Agree 5	Agree 4	Neutral 3	Disagree 2	Strongly Disagree 1
<b>Laissez faire style (LS)</b>					
1. In complex situations, my manager let subordinates work problems out on their own.					
2. As a rule, my manager allows subordinates to appraise their own work.					
3. My manager believes in most situations, workers prefer little input from the leader.					
4. In general, for my manager it is best to leave subordinates alone.					
5. My manager gives subordinates complete freedom to solve problems on their own.					
6. My manager requires staying out of the way of subordinates as they do their work.					
<b>Democratic Leadership Style (DL)</b>					
7. The leader view employees initially competent enough and given					

8. My manager needs to help subordinates accept responsibility for completing their work.					
9. In my manager view to be a good leader given guidance without pressure.					
10. The manager let employees participate employees in decision-making.					
11. My manager believes most and two way communication from their leaders.					
12. My manager believes it is the leader’s job to help subordinates find their “passion.”					
<b>Autocratic Leadership Style(AL)</b>					
13. My manager believes employees need to be supervised closely, or they will be not likely to do their work.					
14. Rewards or punishments in order to motivate them to achieve organizational objectives.					
15. The service deliver processes takes short time.					
16. Leader stays out of my way as I complete my task.					
17. Customers have a positive feedback after they receive the service.					
18. My manager believes effective leaders give orders and clarify procedures.					
<b>Employee Performance scale (EP)</b>					
19. Customers have a positive feedback after they receive the service.					

20. I actively participated in work meetings and training.					
21. My supervisor is a team player.					
22. I am given the needed support by my supervisor to builds team spirits.					
23. I receive the needed support from my supervisor to meet my duties					
24. My performance is limited by the poor leadership of my supervisor					