



**DEBRE BIRHAN UNIVERSITY  
COLLEGE OF POST-GRADUATE**

**THE EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE  
ON EMPLOYEE'S INNOVATIVE WORK BEHAVIOR IN THE CASE  
OF EAST AFRICA BOTTLING SHARE COMPANY, ADDIS ABABA  
BRANCH**

**MBA Thesis**

**Bisrat Demere**

**July, 2024**

**Debre Birhan, Ethiopia**



**DEBRE BIRHAN UNIVERSITY  
COLLEGE OF POSTGRADUATE**

**THE EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE  
ON EMPLOYEE'S INNOVATIVE WORK BEHAVIOR IN THE CASE  
OF EAST AFRICA BOTTLING SHARE COMPANY, ADDIS ABABA  
BRANCH**

**A Thesis Submitted to The Department of Management, College of  
Business and Economics, Debre Birhan University**

**In Partial Fulfillment of the Requirements for the Degree of Master of  
Art in Business Administration**

**Bisrat Demere**

**DBU 1400322**

**Advisor: Dr. S. Radhakrishnan**

**July, 2024**

**Debre Birhan, Ethiopia**

**THE EFFECT OF TRANSFORMATIONAL LEADERSHIP STYLE  
ON EMPLOYEE’S INNOVATIVE WORK BEHAVIOR IN THE CASE  
OF EAST AFRICA BOTTLING SHARE COMPANY, ADDIS ABABA  
BRANCH**

**By Bisrat Demere**

**ID: DBU 1400322**

**Approved by Board of Examiner**

**Dr. S. Radhakrishnan**

July 9<sup>th</sup>/2024

Research Advisor

Signature

Date

**Dr. Bizuye**



July 9<sup>th</sup>/2024

Internal Examiner

Signature

Date

**Dr. Bamlaku Kassie**



July 9<sup>th</sup>/2024

External Examiner

Signature

Date

## Declaration

I hereby declare that the project thesis entitled “**The Effect of Transformational Leadership Style on Employee’s Innovative Work Behavior in the Case of East Africa Bottling Share Company, Addis Ababa Branch**”, has been carried out by me under the guidance and supervision of Dr. S. Radhakrishnan. The thesis is original and has not been submitted for any degree or diploma award to any university or institution.

Bisrat Demere

Research Name



Signature

July 9<sup>th</sup> / 2024G.C

Date

# Certificate

This is to certify that the thesis entitled: **The Effect of Transformational Leadership Style on Employee's Innovative Work Behavior in the Case of East Africa Bottling Share Company, Addis Ababa Branch** submitted in partial fulfillment of the requirements for the degree of Masters of Business Administration program of the Postgraduate Studies, Debre Birhan University and is a record of original research carried out by **Bisrat Demere ID. No DBU 1400322**, is under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements

**Dr. S. Radhakrishnan**

July 9<sup>th</sup>/2024

Name of Major Advisor

Signature

Date

## **ACKNOWLEDGMENT**

First and foremost, I extend my deepest gratitude to the Almighty God and Holy Mary for their blessings, protection, and guidance throughout my life's journey, including the completion of this paper.

I am immensely thankful to my advisor, Dr. Radhakrishnan, for his unwavering support and guidance, which played a pivotal role in completing this paper on schedule with a positive attitude. Additionally, I am indebted to Dr. Workneh for his invaluable, unconditional, and selfless support, which has been instrumental in bringing this study to fruition.

Special appreciation goes to Mr. Asnake, Head of the HR Department, and the entire East Africa Bottling Shared Company team for their significant time and genuine interest in the study, which greatly contributed to its success.

Lastly, heartfelt gratitude goes out to all my relatives and friends for their unwavering encouragement, support, and motivation throughout this journey.

## **ACRONYMS AND ABBREVIATIONS**

(CCBA)	Coca-Cola Beverages Africa
(EABSC)	East Africa Bottling Share Company
(HEIs)	Higher Education Institutions
(IC)	Individualized Consideration
(II)	Idealized Influence
(IM)	Inspirational Motivation
(IS)	Intellectual Stimulation
(IWB)	Innovative work behavior
(MLQ)	Multifactor Leadership Questionnaire
(SPSS)	Statistical Package for the Social Sciences
(TL)	Transformational Leadership
(VFI)	Variance inflation factor

## TABLE OF CONTENTS

<b>Acknowledgment</b> .....	<b>v</b>
<b>Acronyms And Abbreviations</b> .....	<b>vi</b>
<b>Table of Contents</b> .....	<b>vii</b>
<b>List of Tables</b> .....	<b>xi</b>
<b>List of Figures</b> .....	<b>xii</b>
<b>Abstract</b> .....	<b>xiii</b>
<b>Chapter One</b> .....	<b>1</b>
<b>1 Introduction</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.2 Statement of the Problem .....	2
1.3 Research Question .....	3
1.4 Research Objective .....	3
1.4.1 General Objective.....	3
1.4.2 Specific Objectives.....	3
1.5 Research Hypothesis.....	4
1.6 Significance of the Study.....	4
1.7 Scope of the Study .....	5
1.8 Organization of the Study.....	6
<b>Chapter Two</b> .....	<b>7</b>
<b>2 Literature Review</b> .....	<b>7</b>
2.1 Introduction .....	7
2.2 Theoretical Review .....	7
2.2.1 The concept of leadership.....	7
2.2.2 Theoretical Development of Leadership .....	7
2.2.3 Transformational Leadership .....	10
2.2.4 Innovative Work Behavior .....	14
2.2.5 Transformational Leadership and Innovative Work Behavior .....	16



2.3 Empirical Review .....	17
2.3.1 Individualized Consideration and Innovative Work Behavior .....	19
2.3.2 Intellectual Stimulation and Innovative Work Behavior.....	20
2.3.3 Inspirational Motivation and Innovative Work Behavior .....	20
2.3.4 Idealized Influence and Innovative Work Behavior.....	21
2.4 Conceptual Framework.....	21
<b>Chapter Three .....</b>	<b>22</b>
<b>3 Research Methodology .....</b>	<b>22</b>
3.1 Introduction .....	22
3.2 Research Design and Approach.....	22
3.3 Study Area and Target Population.....	22
3.3.1 Study Area .....	22
3.3.2 Target Population .....	23
3.4 Sample Size and Sampling Technique .....	24
3.4.1 Sample size.....	24
3.4.2 Sampling Technique.....	25
3.5 Source of Data and Data Collection Method.....	25
3.5.1 Source of Data .....	25
3.5.2 Data Collection Method .....	25
3.6 Model Specification and Method of Data Analysis.....	26
3.6.1 Model Specification .....	26
3.6.2 Data Analysis Software, Model, and Techniques .....	26
3.7 Reliability and Validity .....	27
3.7.1 Validity .....	27
3.7.2 Reliability .....	28
3.8 Ethical consideration .....	29

<b>Chapter Four .....</b>	<b>30</b>
<b>4 Results and Discussion.....</b>	<b>30</b>
4.1 Introduction .....	30
4.2 Questionnaire Response Rate .....	30
4.3 Demographic Characteristics of Respondents .....	31
4.3.1 Sex Distribution of Respondents .....	31
4.3.2 Age Range of the Respondents .....	31
4.3.3 Level Of Education of The Respondents .....	32
4.3.4 Role In Organization .....	32
4.3.5 Work Experience in The Organization.....	33
4.4 Data Analysis and Interpretation .....	34
4.4.1 Descriptive analysis of variables .....	34
4.4.2 Correlation Analysis.....	40
4.4.3 Regression Analysis Result .....	43
4.4.4 Hypotheses Testing .....	47
4.4.5 Challenges underlying Transformational leadership and Innovative work Behavior.....	48
<b>Chapter Five.....</b>	<b>49</b>
<b>5 Summary and Conclusion .....</b>	<b>49</b>
5.1 Summary.....	49
5.2 Conclusion.....	50
5.3 Recommendation .....	51
5.4 Research Limitations and Areas of Further Research .....	52
5.4.1 Research Limitations .....	52
5.4.2 Areas of Further Research.....	52

**Reference .....53**  
**Annex 1 .....58**  
**Annex 2 .....64**  
**Annex 3 .....65**  
**Annex 4 .....66**

## LIST OF TABLES

Table 3-1 Reliability Statistics .....	28
Table 3-3 Mean Coefficient alpha Values .....	29
Table 4-1 Response Rate.....	30
Table 4-2 Sex Distribution of Response .....	31
Table 4-3 Age Range of the Respondents.....	32
Table 4-4 Level of Education of the Respondents .....	32
Table 4-5 Role In the Organization.....	33
Table 4-6 Work Experince in the Organization .....	33
Table 4-7 Summary of variable indices .....	35
Table 4-8 Descriptive Analysis of Idealized Influence.....	35
Table 4-9 Descriptive Analysis of Inspirational Motives .....	36
Table 4-10 Descriptive Analysis of Intellectual Stimulation.....	37
Table 4-11 Descriptive Analysis of Individualized Consideration.....	38
Table 4-12Descriptive Analysis of Individualized Consideration.....	39
Table 4-13 Measuring Parameters of Pearson Correlation .....	40
Table 4-14 Skewness and Kurtosis test result.....	41
Table 4-15 Result of correlation analysis.....	42
Table 4-16 Model Summary .....	43
Table 4-17 ANOVA (analysis of variance) .....	44
Table 4-18 Multicollinearity Standards .....	45
Table 4-19 Coefficient table.....	46

## LIST OF FIGURES

Figure 2-1 Conceptual Framework .....	21
---------------------------------------	----

## ABSTRACT

*This study explores the effect of transformational leadership on innovative work behavior (IWB) within East African Bottling Share Company (EABSC), a projecting minor of Coca-Cola Beverages Ethiopia. The research employs a mixed-methods design, combining both qualitative and quantitative approaches to provide a comprehensive understanding of the phenomena. Quantitative data was collected through structured surveys using a Likert scale, targeting 268 employees across key departments such as Logistics, Production, Sales, Research, and Human Resources. The surveys measured perceptions of transformational leadership's four components: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration and their correlation with IWB. Additionally, qualitative insights were gathered through in-depth interviews with managerial staff, offering perspectives on the challenges and practices related to transformational leadership at EABSC. The quantitative data analysis included descriptive statistics, correlation analysis, and linear regression to examine the relationships between transformational leadership and IWB. The results indicated that Idealized Influence ( $B = 0.656, p < 0.001$ ), Inspirational Motivation ( $B = 0.282, p = 0.029$ ), and Intellectual Stimulation ( $B = 0.543, p < 0.001$ ) positively effect IWB, while Individualized Consideration ( $B = -0.734, p < 0.001$ ) showed a negative correlation. These findings highlight the importance of specific transformational leadership behaviors in fostering innovation within the organization. Major recommendations include balance individual consideration, implement recognition and reward, leadership consistency, communication channel, and creating a supportive environment to enhance the effectiveness of transformational leadership and sustain innovative practices. Future research could explore longitudinal impacts and the role of organizational culture in moderating these relationships and investigating the specific reason for the negative impact of individualized consideration.*

**Keywords:** *Transformational Leadership, Innovative Work Behavior, Mixed-Methods, Organizational Innovation*

# CHAPTER ONE

## 1 INTRODUCTION

### 1.1 Background of the Study

In contemporary business landscapes, the imperative of fostering employees' innovative work behavior has emerged as a critical factor for organizational success. Innovative work behavior is not merely a source of competitive advantage but has evolved into a fundamental driver of sustained growth and heightened competitiveness (Abun and Macaspact 2023). Actively engaged employees, contributing to the creation of novel ideas, improved processes, and innovative products, play a pivotal role in positioning organizations at the forefront of dynamic industries.

Within the broader context of organizational dynamics, leadership styles wield a crucial influence on shaping employee behavior and organizational culture. Transformational leadership, recognized as a cornerstone in modern leadership theories (Anon n.d.-d), stands out for its emphasis on developing followers' potential, fostering a shared vision, and inspiring commitment and innovation. Despite the growing body of literature on transformational leadership and innovation, a notable gap exists in understanding how these concepts interact within specific operational contexts.

This study aims to address this gap by delving into the intricacies of transformational leadership styles and their effects on employees' innovative work behavior. The unique setting of the examined branch presents challenges and opportunities inherent in the local market, necessitating a detailed examination of leadership practices and their implications for fostering innovation. As organizations across industries increasingly emphasize the need to cultivate a culture of innovation, the findings from this research are expected to extend beyond the immediate organizational setting.

Insights derived from the study may not only contribute to a deeper understanding of leadership practices within the examined branch but also offer valuable contributions to the broader literature on leadership and innovation. The exploration of the relationship between transformational leadership and innovative work behavior gains particular relevance in a globalized and dynamic business landscape. The study aspires to provide insights that go beyond theoretical frameworks, offering practical implications for leadership development initiatives and contributing to the creation of dynamic and adaptive organizational cultures.

## 1.2 Statement of the Problem

Businesses are under pressure to continuously adapt how their organizations operate and react due to the globalization of business practices and the rising demand for a variety of goods and services. (Katerina and Aneta 2014). (Farida and Setiawan 2022) claims that because of the comparatively quick changes in the global business environment brought about by new technology advancements and erratic changes in social, political, and economic trends, businesses must constantly adapt their business practices to maintain their competitive edge. However, research made to study the effect of leadership applied on employees' innovative work behavior is minimal in most companies in Ethiopia.

Organizations now have an even greater need to adapt and innovate in the dynamic world of global commerce. (Anon n.d.-a). Organizational processes must be continuously reevaluated due to the pattern of rapid technology breakthroughs, unpredictable fluctuations in the economy, and growing demand for varied products and services. Of these, the most important is the role that leadership—specifically, transformational leadership—plays in encouraging creative work practices among staff members.

While transformational leadership has gained recognition for its potential to positively effect organizational outcomes, there remains a notable gap in understanding its specific influence on innovative work behavior within the unique operational context of East Africa Bottling Share Company's (EABSC) Addis Ababa branch. As a vital player in the beverage industry, EABSC operates within a local market presenting distinct challenges and opportunities. The study aims to address this gap by examining the nuanced relationship between transformational leadership and innovative work behavior, shedding light on critical gaps, identifying potential challenges, and providing insights that can guide the company in sustaining its competitive advantage through a culture of innovation. This research becomes especially crucial as new competitors enter the market, emphasizing the need for EABSC's leadership to comprehend and leverage the effect of transformational leadership on innovative work behavior to ensure continued success and relevance in the industry.

Consequently, the purpose of this study was to investigate how transformational leadership influences creative work practices in the shared nonalcoholic drink bottling firm, EABSC. The researcher became interested in this subject for two reasons: first, there is a



lack of information about the effects of transformational leadership in Ethiopian businesses; and second, the firm is now facing significant challenges related to dealing with the effects of change on its creative work processes. The purpose of this study is to explore potential connections between creative work practices in EABSC and transformational leadership. Positive outcomes from transformational leadership may boost staff engagement, motivation, and happiness while also solidifying the position as one of the organization's key capabilities.

### **1.3 Research Question**

The following are the research questions that were raised in this study.

1. To what extent does EABSC's leadership understand and leverage the effect of intellectual stimulation on innovation?
2. What critical gaps exist in understanding the effect of inspirational motivation on employee innovation?
3. How does EABSC's leadership stimulate employee innovative work behavior?
4. Does EABSC employees' idealized influence on IWB?
5. Are there any potential challenges in practicing transformation leadership?

### **1.4 Research Objective**

#### **1.4.1 General Objective**

To investigate the effect of transformational leadership on Innovative Work Behavior (IWB) and its implications for the competitive advantage and sustainability of the EABSC Addis Ababa branch.

#### **1.4.2 Specific Objectives**

1. Assess the level of awareness and utilization of intellectual stimulation by EABSC's leadership through surveys, interviews, and analysis of organizational documents.
2. Identify and analyze specific knowledge gaps within EABSC's leadership regarding the effect of inspirational motivation on employee innovation through literature reviews, interviews, and focus group discussions.

3. Examine the leadership strategies and practices employed by EABSC through a qualitative analysis of leadership behaviors, employee surveys, and case studies.
4. Investigate the relationship between employees' perception of idealized influence and their engagement in Innovative Work Behavior using quantitative methods such as surveys and statistical analysis.
5. Identify and analyze potential challenges in the implementation of transformational leadership within EABSC through a combination of interviews and questionnaires.

### **1.5 Research Hypothesis**

Ha1: Higher levels of understanding and implementation of intellectual stimulation by EABSC's leadership will positively correlate with increased innovation among employees.

Ha2: The identification and addressing of critical knowledge gaps in inspirational motivation within EABSC's leadership are expected to be associated with a significant improvement in employee innovation.

Ha3: Effective leadership practices at EABSC, particularly those aimed at stimulating employee innovation, will contribute significantly to creating an environment conducive to innovative work behavior.

Ha4: Positive perceptions of idealized influence among EABSC employees will be positively correlated with a higher incidence of Innovative Work Behavior.

Ha5: The presence of challenges in practicing transformational leadership within EABSC will have a negative effect on the successful implementation and sustainability of this leadership style.

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

This study holds paramount significance for both the East Africa Bottling Share Company (EABSC) and the broader academic and business communities. Firstly, for EABSC, the findings will offer a profound understanding of how transformational leadership shapes Innovative Work Behavior (IWB) among employees. This insight is instrumental in guiding strategic decision-making, fostering a culture of innovation, and adapting leadership practices to the dynamic beverage industry landscape. By identifying specific gaps in comprehension and potential challenges in implementing transformational leadership, EABSC can leverage this knowledge to enhance its competitive advantage and

sustainability. The study's outcomes are poised to empower EABSC's leadership with targeted recommendations for leadership development initiatives, shaping policies that promote innovation, and refining training programs to align with best practices in fostering employee engagement and creativity.

Beyond the organizational context, the study contributes to academic knowledge in leadership and innovation, particularly within the Ethiopian business landscape. By exploring the nuanced relationship between transformational leadership and Innovative Work Behavior, the research fills existing gaps in the literature, providing empirical evidence that advances theoretical frameworks. This academic contribution extends to leadership theories, enhancing our understanding of how leadership dynamics influence organizational outcomes. Furthermore, the study's practical insights may offer valuable guidance to businesses operating in similar contexts, shedding light on effective approaches to leadership that stimulate innovation. The significance of this research, therefore, transcends the immediate organizational setting, promising broader implications for leadership development, policy formulation, and training programs in the evolving landscape of Ethiopian businesses.

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

The study will focus exclusively on the East Africa Bottling Share Company's (EABSC) Addis Ababa branch, situated in the Ethiopian capital. The research will encompass the most recent and relevant data available during the investigation, providing organizational dynamics and leadership practices within the designated timeframe. It will include employees and leadership within EABSC's Addis Ababa branch. The study will involve a carefully selected sample representing different hierarchical levels and departments to ensure a comprehensive understanding of the effect of transformational leadership on IWB.

The primary focus areas of the study include assessing the understanding and application of transformational leadership, identifying gaps in knowledge, exploring strategies employed by leadership to stimulate IWB, and gauging the extent of employee engagement in innovative work behavior. The study will also investigate potential challenges in the implementation of transformational leadership within EABSC.

## **1.8 Organization of the Study**

The study is organized into five Chapters. The introduction which is the first chapter sets the stage by presenting the background, problem statement, research questions, objectives, hypothesis, significance, scope, and limitations. Following this, Chapter two explores into a comprehensive literature review, establishing the theoretical framework, examining the relationship between transformational leadership and innovation, and identifying gaps in existing research.

Chapter three outlines the research methodology, detailing the chosen design, population, sample, data collection methods, and ethical considerations. The fourth chapter will summarize and interpret the study's findings and results. The study summarizes and concludes in Chapter Five, summarizing key findings and offering conclusive remarks. Appendices include survey questionnaires, interview protocols, and ethical approval documentation, while the references section cites academic sources used throughout the study. An acknowledgement section expresses gratitude to those who contributed to the research.

## CHAPTER TWO

### 2 LITERATURE REVIEW

#### 2.1 Introduction

In the dynamic landscape of contemporary organizations, the role of leadership in fostering innovation has garnered considerable attention. As businesses navigate global challenges and technological advancements, understanding the intricate relationship between leadership styles and innovative work behavior becomes imperative. The purpose of this review of the literature is to shed light on how transformational leadership influences creative work behavior in organizational contexts by offering an in-depth review of the main ideas, theoretical foundations, empirical data, and a solid conceptual framework.

#### 2.2 Theoretical Review

##### 2.2.1 The concept of leadership

This review of the literature aims to provide light on how transformational leadership affects creative work behavior in organizational settings by providing a thorough analysis of the key concepts, theoretical underpinnings, empirical evidence, and a sound conceptual framework. Numerous theories, models, and concepts related to leadership have been documented. The literature characterizes leaders as self-directed, charismatic, and visionary. (Weiskittel 1999) Actions that result in something or lead to a specific outcome are what constitutes leadership. (Greineder and Leicht 2020) have considered leadership as a process.

Even though different scholars have given the term many distinct definitions. The best way to define "leadership" is as "a process of social influence in which one person can recruit the aid and support of others in the accomplishment of a common task," (Huang et al. 2022). Influence is a common occurrence among those who consciously seek big changes that represent the interests of both leaders and followers. This is what it means to be a leader. According to (Daft and Lane 2008) influence means the relationship among people that is not passive, multidirectional and noncoercive. Even some claims compared to academic conceptions, concepts of leadership are more strong and less complex. (Krauter 2022)

##### 2.2.2 Theoretical Development of Leadership

A wide range of viewpoints and models have emerged over time in the dynamic and constantly developing subject of the theoretical evolution of leadership. To distinguish the elements, philosophies, and impacts of leadership on people and organizations, academics

and scholars have worked to comprehend the intricacies of this complicated phenomenon. The debate on leadership has been influenced by several important theoretical frameworks, each of which provides distinct insights into what makes for good leadership.

Every theory has been applied in various contexts based on the demands that have been identified. The most important of these theories are Behavioral Theory, Great Man Theory, Contingency Theory, Trait Theory, Situational Theory, Transactional Theory, and Transformational Theory.

**Great Man Theory:** The Great Man Theory states that these extraordinary leaders have intrinsic traits that make them unique from the rest of the population (Stone and Patterson 2023). These attributes could include charisma, courage, intelligence, and a feeling of purpose in life. According to the thesis, these outstanding people become leaders at pivotal moments in history and help societies navigate difficulties and catastrophes.

**Trait Theory:** One of the first theories in the study of leadership is trait theory, sometimes referred to as the trait approach. It makes the argument that effective leaders have a few innate characteristics. Trait theory is predicated on the idea that leaders are defined by a unique collection of personal traits that set them apart from non-leaders (Gujral 2012). In an attempt to forecast and comprehend leadership effectiveness, researchers have looked for these particular characteristics. Researchers like Thomas Carlyle's early work from the early 20th century is when trait theory first emerged. However, when intellectuals started to thoroughly examine leadership qualities in the middle of the 20th century, the hypothesis became more well-known.

**Behavioral Theory:** According to (Apau and Eyamba 2020) The emphasis was moved from innate qualities to observable behaviors by behavioral theories. In order to pinpoint the patterns that led to success, researchers studied the performances and attitudes of successful leaders. Two main approaches surfaced: which categorized leaders as task-oriented or relationship-oriented. Behavioral theories provide a more complex explanation of leadership by stressing the significance of actions.

**Contingency Theory:** Rejecting a one-size-fits-all strategy, contingency theory asserts that effective leadership depends on a variety of contextual conditions. It highlights how important situational factors, connections between leaders and followers, task organization, and the leader's position power are in determining the success of leadership (Fiedler 1978). Contingency Model is one prominent model that suggests that a leader's effectiveness

depends on how well their style of leadership fits the particular situation. This approach promotes adaptability, recognizing that leaders must tailor their strategies to match the demands of specific situations for optimal effectiveness. The Path-Goal Theory and the Situational Leadership Model are two other contingency theories that emphasize how crucial it is to modify leadership strategies to the unique conditions and traits of followers.

**Situational Leadership:** According to (Silverthorne and Wang 2001), effective leaders modify their approach according to the level of maturity or readiness of their followers. This model acknowledges that multiple leadership styles may be needed by people and teams depending on their developmental stage or the range of issues they are experiencing. It's crucial to remember that situational leadership is a fluid paradigm, and competent leaders may need to switch between different approaches based on how their team and duties change over time. A one-size-fits-all strategy is not appropriate in every circumstance, and effective leaders understand that changing their style of leadership can provide greater results.

**Transactional Theory:** A leadership approach known as "transactional leadership" centers on leaders and followers exchanging incentives and penalties (Howell and Hall-Merenda 1999). This approach is predicated on the notion that people are driven by self-interest and will put in more effort if they feel that their efforts will be rewarded or that there will be repercussions for not living up to expectations. It is frequently contrasted with transformative leadership. To inspire followers, transactional leaders implement a system of contingent benefits, including as bonuses, promotions, or other incentives. Additionally, they use a management-by-exception strategy, only becoming involved when performance sharply deviates from predetermined parameters. The attributes of transactional leadership include distinct responsibilities, unambiguous structures, and an emphasis on immediate objectives.

**Transformational leadership:** "Leaders and followers helping each other to advance to a higher level of morale and motivation" is what (Okumu and Opio 2023) refer to as transforming leadership. Okumu and Opio addressed the challenge of distinguishing between management and leadership, asserting that the distinctions lie in traits and actions. According to transformational leadership theory, interactions between leaders and staff members are characterized by the development of close bonds that result in a high level of mutual trust and cooperation to accomplish a shared objective. Later on, this boosts followers' and leaders' motivation both internally and externally, which heightens their devotion to the organization. The idea behind transformation theory is that charismatic and

inspirational leaders may change their followers. Group norms serve as the foundation for flexible laws and regulations. Because they can recognize the leader with ease and are inspired to comprehend the goal, these qualities provide followers with a feeling of community (Conger 1999).

### **2.2.3 Transformational Leadership**

According to a study by (Khan 2016), transformational leaders place a great value on their relationships with their followers and show individual concern while addressing their demands for achievement, empowerment, increased self-efficacy, and personal development. Transformational leaders are characterized by their proactive problem-solving skills, willingness to bring new ideas to the company, ability to inspire followers to prioritize the good of the group over individual interests, and ability to make followers accomplish goals and objectives while upholding high moral standards.

(Bass and Riggio 2005), stated transformational leadership has emerged as the preferred method for doing research and applying leadership theory in a way that has drawn interest from academics, professionals, and students of leadership. The core idea of transformational leadership is that followers should positively attribute their leader to them for attaining "performance beyond expectations" (Almonawer 2021). According to (Bryman, Grint, and Collinson 2011), transformational leadership is a process where a leader raises the performance of a group or organization above and beyond expectations by fostering a deep emotional bond with his or her followers and inspiring a shared commitment to a higher moral standard.

(Gujral 2012) asserts that transformative leadership improves followers' morale, motivation, and output via several methods. They include encouraging followers to achieve a common organizational vision and goals by tying their sense of identity to the organization's mission and collective identity, challenging followers to take greater responsibility for their work, and recognizing their strengths and weaknesses so that leaders can assign them to tasks that will maximize their performance (Yukl and Lepsinger 2004).

Complementing transformational leadership, theories of innovative work behavior contribute to the conceptual framework. (Amabile and Pratt 2016), emphasizing the interplay of individual and contextual factors in fostering creativity, provides insights into the cognitive processes involved in innovation. Additionally, (Bandura 2003) Social Cognitive Theory of Creativity accentuates the role of observational learning and self-



efficacy in shaping innovative behavior within organizational settings. The theoretical review establishes a robust foundation for understanding the dynamic interrelation between leadership styles and employees' innovative work behavior.

Based on (Bass and Riggio 2005) explanation, Transformational Leadership has an effect which has been placed into four major points as follows:

**Increased Motivation:** Transformational leaders inspire a sense of purpose and meaning, leading to higher levels of intrinsic motivation among followers. Employees are more likely to go above and beyond their basic job requirements.

**Improved Performance:** The positive influence and vision set by transformational leaders contribute to increased individual and team performance. Followers are motivated to achieve goals that align with the broader organizational vision.

**Enhanced Job Satisfaction:** The supportive and inspiring nature of transformational leaders fosters a positive work environment. This, in turn, leads to higher job satisfaction and lower turnover rates.

**Organizational Change and Innovation:** Transformational leaders are often associated with successful organizational change initiatives and the promotion of innovation. Their focus on challenging the status quo encourages creative problem-solving and adaptation to new challenges.

### ***2.2.3.1 Characteristics of Transformational Leadership***

(Bass and Riggio 2005; Hickman 2010) expressed A transformational leader is someone who displays specific qualities that are said to inspire followers to put aside their interests and dedicate themselves to the objectives of the business, exceeding expectations in the process. Transformational leadership is a unique leadership style, which is theorized to bring employees involvement in an organization's success. It can influence employees' moral values and ethics in such a way that they tend to perform better than expected.

Transformational leadership, as conceptualized by James V. Downton, James G. Clawson, and Robert J. Largent, has been a cornerstone in leadership studies. The model, later expanded by Bernard M. Bass and Bruce J. Avolio (1985), revolves around four components:

**Idealized Influence (Attributed and Behavioral):** Idealized influence refers to the leader's ability to act as a role model and gain the admiration, trust, and respect of their followers.

(Avolio and Yammarino 2013) state it is often divided into two components: attributed (charisma) and behavioral (role modelling).

**Attributed Idealized Influence (Charisma):** refers to the charismatic qualities of a leader that attract followers. It involves the perception of the leader as an extraordinary individual with a compelling vision and a strong presence. Bass and Avolio explored the charismatic aspects of idealized influence in various publications, including the development of the Multifactor Leadership Questionnaire (MLQ), a widely used tool for measuring transformational leadership.

**Behavioral Idealized Influence (Role Modeling):** involves the leader's actual behavior, which serves as a role model for followers. It includes ethical conduct, consistency, and a commitment to shared values. The works of Bass and Avolio emphasized the importance of leaders exhibiting behaviors that inspire trust and admiration among followers.

According to (Bass and Riggio 2005; Khan 2016), A leader possessing high levels of idealized influence or charisma can instill trust and inspire adoration, loyalty, and respect in their following.

**Inspirational Motivation:** is a crucial characteristic of transformational leadership, and it involves leaders inspiring and motivating their followers by creating a compelling vision of the future. This component was developed as part of the transformational leadership theory by (Bass and Riggio 2005).

Inspirational Motivation refers to a leader's ability to articulate a clear and compelling vision for the future that inspires and energizes followers. It involves creating a shared sense of purpose and direction that motivates individuals to work toward common goals. It is explained with the elements as follows:

**Visionary Communication:** They paint a vivid and inspiring picture of what the future could be, appealing to the aspirations and values of their followers.

**Alignment with Values:** This alignment creates a sense of meaning and significance, fostering commitment and enthusiasm.

**Optimism and Enthusiasm:** They implant confidence that the shared vision is attainable and that collective efforts will lead to success.

To summarize according to (Awori et al. 2023), Inspirational Motivation in transformational leadership involves creating a compelling vision that inspires and motivates followers. It plays a pivotal role in aligning individuals with a shared sense of purpose, fostering commitment, and driving improved performance within an organization.

**Intellectual Stimulation:** is a key characteristic of transformational leadership, emphasizing a leader's role in encouraging innovation, critical thinking, and creativity among followers. This element was developed as part of the transformational leadership theory by (Bass and Riggio 2005) and (Avolio 2005). Here's a detailed explanation of Intellectual Stimulation in the context of transformational leadership:

Intellectual Stimulation involves leaders challenging the status quo, promoting innovative thinking, and encouraging followers to question assumptions. It is the stimulation of intellectual curiosity and creativity within the team. Elements of Intellectual Stimulation are discussed as follows:

**Encouraging Creativity:** Transformational leaders foster a culture of creativity by encouraging followers to generate new ideas, think outside the box, and approach problems in innovative ways. They create an environment where unconventional thinking is valued.

**Questioning Assumptions:** Leaders challenge existing assumptions and encourage followers to critically evaluate information. This involves promoting a mindset of continuous improvement and a willingness to explore alternative perspectives.

**Promoting Learning:** Intellectual Stimulation includes a commitment to ongoing learning and development. Leaders support the acquisition of new skills and knowledge, emphasizing the importance of staying informed and adapting to change.

As (Sánchez-Cardona, Soria, and Llorens-Gumbau 2018) explained intellectual stimulation in transformational leadership involves challenging and encouraging followers to think critically, be creative, and continuously learn. It contributes to the development of an innovative and adaptive organizational culture, fostering improved problem-solving and increased creativity among team members.

**Individualized Consideration:** is a critical component of transformational leadership, focusing on the leader's ability to recognize and address the unique needs, strengths, and developmental opportunities of each follower. This characteristic was developed as part of the transformational leadership theory by Bernard M. Bass and Bruce J. Avolio. Here's a

detailed explanation of Individualized Consideration in the context of transformational leadership:

Individualized Consideration involves leaders providing support and guidance tailored to the individual needs of each follower. It emphasizes recognizing the uniqueness of each team member and acknowledging their personal and professional aspirations. Individualized consideration has an element to explain itself as

**Personalized Support:** Transformational leaders offer personalized assistance and support to each team member based on their requirements. This may include coaching, mentoring, or facilitating resources to help followers achieve their goals.

**Recognition of Individual Differences:** Leaders acknowledge and appreciate the diversity among team members. They understand that each person has unique strengths, weaknesses, skills, and motivations, and they consider these differences in their leadership approach.

**Developmental Feedback:** Individualized Consideration involves providing constructive and personalized feedback to help followers grow and develop. Leaders offer guidance on how individuals can enhance their skills and overcome challenges.

Khan (2020) brief Individualized Consideration in transformational leadership involves recognizing and responding to the unique needs of each follower. It contributes to the development of strong, supportive relationships and enhances job satisfaction, motivation, and overall performance within the team.

#### **2.2.4 Innovative Work Behavior**

The notion of innovation management encompasses a structured methodology for strategizing, executing, arranging, and overseeing organizational initiatives related to innovation. This systematic process aims to achieve innovative ideas efficiently and effectively, as emphasized by (Mihardjo and Furinto 2018). According to (Mothe and Foray 2012) and (Llerena and Matt 2006), Innovation is shown as a dynamic process that turns knowledge into something valuable, either socially or economically. This complex process involves the creation, sharing, and modification of knowledge in order to generate new or significantly improved goods or services that are then embraced by the community

In the context of innovation management, one crucial aspect is Innovative Work Behavior (IWB), which encompasses both creativity-related behavior and implementation-

oriented behavior. Creativity-related behavior involves the exploration of opportunities and the generation of new ideas, while implementation-oriented behavior focuses on the application of new knowledge and the improvement of systems and processes to enhance individual and business performance (Dincer and Yüksel 2020). Essentially, IWB is a multifaceted concept that spans the entire process of innovation.

Innovation is not limited to groundbreaking transformations; it can range from gradual, incremental improvements to comprehensive changes affecting processes or products across the entire organization (Brown and Ulijn 2004). While major innovations are often the domain of employees working in research and development, minor suggestions and improvements are more common and can come from employees across various departments. Employees engaging in innovative work behavior may think in alternative ways, search for improvements in processes or systems, devise new approaches to tasks, explore new technologies, apply novel work methods, and secure resources to bring new ideas to fruition (SOHOKON et al. 2023).

It's important to note that, in many organizations, engaging in innovative work behavior is not a routine aspect of employees' day-to-day jobs. Despite its potential benefits, fostering a culture that encourages and supports innovation requires intentional efforts from organizational leaders. Innovation can contribute significantly to an organization's competitiveness, adaptability, and overall success. As the business landscape evolves, organizations increasingly recognize the importance of innovation management in staying ahead of the curve and addressing the ever-changing needs and expectations of their stakeholders.

Innovation is a multifaceted and multi-step process that encompasses various stages. As described by (Shavinina 2003), innovation can be considered as a multi-stage process involving idea exploration, idea generation, idea championing, and idea implementation.

**Idea Exploration:** This initial stage involves recognizing problems or opportunities within a given context. Individuals need to be able to identify areas that could benefit from change or improvement. Idea exploration requires a keen awareness of the current state of affairs and a curiosity to explore potential avenues for innovation (Grant and Grant 2016).

**Idea Generation:** Once a problem or opportunity is identified, the next step is to generate novel ideas. This involves the creative process of coming up with innovative solutions or approaches to address the recognized problem or capitalize on the identified opportunity.

Individuals at this stage may engage in brainstorming, lateral thinking, or other techniques (Mckeown 2014).

**Idea Championing:** Idea championing involves advocating for and gaining support for the generated ideas. This stage requires effective communication and persuasion skills. Individuals need to articulate the value and potential impact of their ideas to key stakeholders, including colleagues, superiors, or decision-makers. Idea championing is crucial for overcoming potential resistance and garnering the necessary resources and support for implementation (Daly 2011).

**Idea Implementation:** The final stage of the innovation process is idea implementation. This step involves translating the selected ideas into practical actions. It requires planning, organizing resources, and coordinating efforts to bring the innovation to fruition. Implementation may involve testing and refining the idea as it is put into practice, and it requires a commitment to seeing the innovation through to completion (Malerba and Brusoni 2007).

This characterization aligns with the broader understanding that innovation is not a single event but a dynamic and iterative process. Moreover, it emphasizes the importance of individual and collective capabilities, including problem recognition, creativity, communication, and execution, in successfully navigating the complexities of innovation. Organizations that foster a culture supporting each stage of this process are more likely to harness the full potential of their members to drive meaningful and impactful innovations.

### **2.2.5 Transformational Leadership and Innovative Work Behavior**

According to (Damanpour 2020), transformational leadership in fostering a climate of innovation within organizations. It underscores the direct positive relationship between transformational leadership and organizational innovation, suggesting that leaders adopting this style are more likely to inspire and empower employees to engage in innovative behaviors that contribute to the organization's success in a competitive global market.

(Bass and Riggio 2005), insisted on Inspirational Motivation, where leaders articulate a clear vision, demonstrate enthusiasm, and inspire and motivate employees to work towards achieving that vision. This component is crucial for creating a shared sense of purpose and aligning the efforts of the team or organization toward common goals. (Lin and Lee 2017)emphasizes the need for special attention to employees' work engagement to

improve innovative behavior. Work engagement involves favorable conditions in the heart and mind, driven by passion, dedication, and solemnity.

Transformational leadership, as described, it establishes a positive and empowering leadership style. This leadership approach not only enhances employee engagement and commitment but also contributes to the conditions necessary for fostering innovation. The alignment of passion, dedication, and solemnity in employees' hearts and minds, supported by transformational leaders, creates an environment where ideas flourish, and employees actively contribute to the company's innovative endeavors.

### **2.3 Empirical Review**

A study by (Afsar, F. Badir, and Bin Saeed 2014) investigates the relationship between transformational leadership and employees' innovative work behavior (IWB). The research, based on 639 followers and 87 leaders from a cross-industry sample of China's five most innovative companies, utilizes structural equation modelling for analysis. The findings reveal that psychological empowerment acts as a mediator between transformational leadership and IWB, signifying its role in influencing both idea generation and implementation. Moreover, the study establishes that the positive impact of transformational leadership on IWB is more pronounced among individuals with a higher interdependent self-construal and a lower independent self-construal. This research contributes to the IWB literature by empirically validating the moderating influence of self-construal and the mediating effect of psychological empowerment on the link between transformational leadership and IWB.

(Nusair, Ababneh, and Kyung Bae 2012) published in the *International Journal of Commerce and Management*, the authors aim to enhance our understanding of the connection between transformational leadership and followers' innovative behavior within the Jordanian public sector. Drawing on perceptual data from 358 employees in various public sector organizations in Northern Jordan, the findings reveal that transformational leadership explains 47 per cent of the variation in followers' innovative behavior. Additionally, the study highlights the significant impact of the place of work on respondents' attitudes toward both the transformational leadership behavior of their managers and their innovative behavior. The practical implications emphasize the importance for organizations in the Jordanian public sector to invest in transformational leadership training and select supervisors with this leadership style to foster innovation. Notably, this research contributes

original insights as one of the first studies to explore the relationship between transformational leadership and followers' innovative behavior in developing countries.

(Lin, Beh, and Kamil 2023), the focus is on unravelling the dynamics of leadership styles—specifically, transformational and ethical leadership—and their impact on innovative work behavior within Chinese higher education institutions (HEIs). The study employs a cross-sectional research framework and gathers data from 825 academic staff and 275 leaders across 226 HEIs in China. Using AMOS version 26.0 and SPSS version 22.0 for statistical analysis, the findings reveal that both transformational and ethical leadership styles exhibit a positive influence on innovative work behavior, both directly and indirectly through the mediating role of work engagement. Notably, psychological empowerment is identified as a moderator, influencing the relationship between leadership styles and innovative work behavior. This study's originality lies in addressing a gap in the literature by exploring the mediator (work engagement) and the moderator (psychological empowerment) in the context of HEIs, making significant contributions to management literature within the higher education sector. The insights derived from this research offer valuable implications for organizational managers seeking to foster innovation in academic settings.

(Al Harbi, Alarifi, and Mosbah 2019), the primary aim is to investigate the impact of transformational leadership on followers' inventiveness and organizational innovation. The study operates at both individual and organizational levels, examining creativity and innovation. Utilizing a theoretical model with developed variables and hypotheses, data was collected through a self-completion questionnaire from a final sample of 503 individuals, employing a random sampling technique. The findings reveal a significant positive relationship between transformational leadership and both followers' creativity and organizational innovation. Additionally, followers' creativity is positively related to organizational innovation. The study further explores the mediating role of employees' psychological empowerment, support for innovation, workplace relationships, and employee learning in the relationship between transformational leadership and followers' creativity, all showing positive and significant associations. Notably, intrinsic motivation is found to have no significant impact on the relationship between transformational leadership and creativity. The practical implications of this research offer valuable insights for organizations, suggesting strategic changes in leadership styles and approaches to enhance creativity and innovation. This study's originality lies in its focus on the context of Saudi



Arabia, particularly in the public sector, contributing beneficial insights for academics, organizations, and policymakers, especially in Gulf countries.

(Solomon 2022) investigates the impact of transformational leadership on employees' innovative work behavior within Kifiya Financial Technology. Recognizing the vital role of employee innovation in organizational survival, the study builds on empirical evidence highlighting a strong relationship between transformational leadership and innovation. With a focus on Kifiya Financial Technology and a census method involving 102 respondents, the research employs statistical regression analysis on SPSS. The findings reveal that idealized influence and inspirational motivation components of transformational leadership significantly and positively influence innovative work behavior. However, intellectual stimulation and individualized consideration, though positive, demonstrate insignificant relationships with innovative behavior. The study suggests that organizations, including Kifiya Financial Technology, can enhance innovative work behavior by fostering a culture of transformational leadership. The conclusion emphasizes the need for further research to deepen understanding in similar contexts.

### **2.3.1 Individualized Consideration and Innovative Work Behavior**

(Choi et al. 2016), the primary objective is to explore the relationship between transformational leadership (TL) and the innovative behavior of Korean workers. Using a cross-sectional design, the study administered questionnaires to 356 employees in Korean manufacturing firms to assess the link between TL and innovative behavior, examining the potential mediating effects of knowledge sharing and the moderating role of perceived organizational support (POS). The results reveal a significant positive relationship between TL and both employee innovative behavior and knowledge sharing. Moreover, knowledge sharing is identified as a mediating factor, and POS is found to positively moderate the relationship between TL and innovative behavior. The study suggests future research directions, emphasizing the need to investigate antecedents of knowledge sharing, explore TL effects at different levels, and adopt longitudinal data collection for a more comprehensive understanding. The practical implications highlight the importance of comprehending the link between TL and innovative behavior, considering mediating and moderating factors, to enhance positive leadership outcomes and innovation performance. The paper contributes to the existing literature by establishing a positive relationship between TL and innovative behavior, incorporating mediating and moderating factors, thus

adding valuable insights to the understanding of leaders' behavior and organizational-level predictors of innovative behavior.

### **2.3.2 Intellectual Stimulation and Innovative Work Behavior**

(Thuan 2020), investigated the impact of motivating follower creativity through leader intellectual stimulation, focusing on employees in the information technology sector in Vietnam. The research revealed a positive direct relationship between leader intellectual stimulation and follower creative performance. Notably, the study identified the follower's proactive personality as a moderator, influencing the direct relationship between leader intellectual stimulation and follower creativity. Additionally, the results highlighted that follower creative ability and job autonomy played a partial mediating role in amplifying the positive effect of leader intellectual stimulation on follower creativity. This study contributes valuable insights into the dynamics of leader-follower interactions, emphasizing the importance of intellectual stimulation in fostering creativity within the context of the information technology sector.

### **2.3.3 Inspirational Motivation and Innovative Work Behavior**

(Afsar and Umrani 2019), the investigation focuses on the impact of transformational leadership on employees' innovative work behavior in the context of 35 firms in Pakistan, spanning the services and manufacturing sectors. Utilizing a self-reported survey distributed to 338 employee-supervisor dyads, the study employs structural equation modelling to test hypotheses. The findings reveal a positive influence of transformational leadership on both employees' innovative work behavior and motivation to learn, with the latter mediating the relationship between transformational leadership and innovative work behavior. Moreover, the study identifies the moderating roles of task complexity and innovation climate in the connection between transformational leadership and employees' innovative work behavior. The research, grounded in interactionist perspectives on individual innovation, contributes to the literature by integrating multi-level variables, offering empirical evidence on the influence of transformational leadership at both individual and organizational levels. The practical implications highlight the importance of fostering transformational leadership traits among managers to enhance employees' innovative work behavior. Organizations are encouraged to create a supportive innovation climate and provide opportunities for employees to acquire and apply new knowledge and skills. This study's originality lies in its contribution to leadership and innovation literature, offering insights for practitioners on leveraging appropriate leadership styles to promote

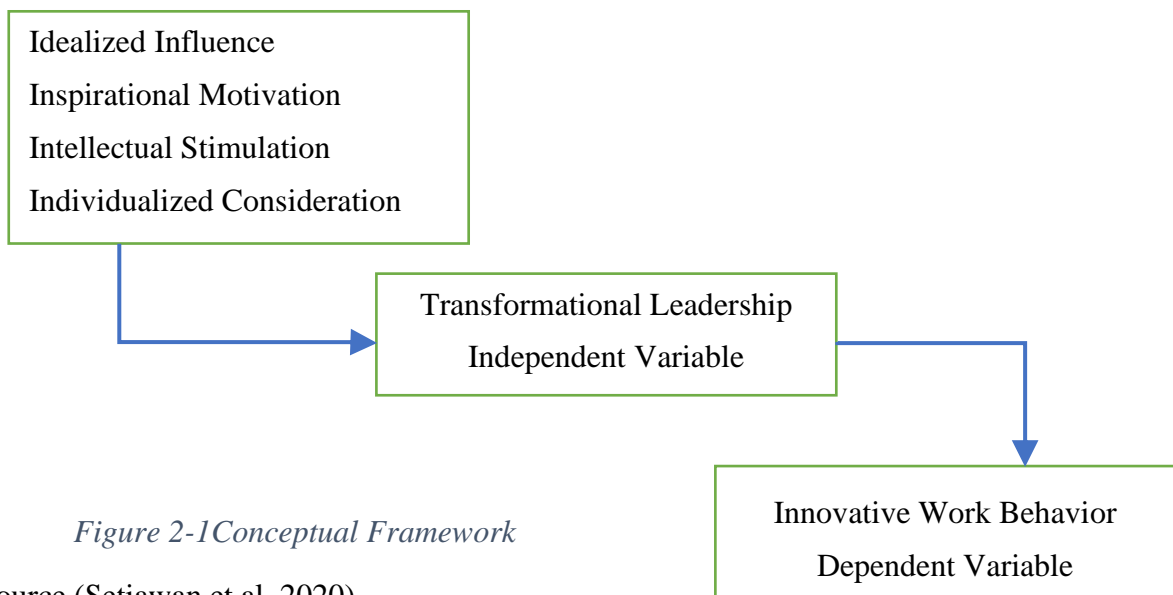
innovative work behavior, utilizing a distinct model incorporating variables from individual, unit, and organizational levels. This integrative approach supports the theoretical understanding that innovative work behavior is influenced by factors at multiple levels of analysis.

### 2.3.4 Idealized Influence and Innovative Work Behavior

Li (2019) investigated the impact of transformational leadership on employees' innovative work behavior in sustainable organizations, focusing on 281 multinational organization employees in China. The study found a significant positive relationship between transformational leadership and work engagement with innovative work behavior. Notably, empowerment was identified as a significant moderator, highlighting its role in influencing the relationship between transformational leadership and innovative work behavior. The findings suggest that organizational leaders can enhance employees' innovative work behavior by effectively engaging them in their work and fostering trust, which, in turn, encourages participation in creative activities.

## 2.4 Conceptual Framework

The following conceptual framework exemplifying the relationship between the dependent variable and independent variables is proposed based on the literature reviewed.



*Figure 2-1 Conceptual Framework*  
Source (Setiawan et al. 2020)

## **CHAPTER THREE**

### **3 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The methodology chapter of the research study is dedicated to unveiling concealed truths through scientific methods, addressing both open-ended and close-ended questions. This section focuses on clarifying the research design, identifying independent and dependent variables, and specifying types of data and their sources. The target audience is defined, and the sampling strategy, along with the rationale for determining the sample size, is discussed. The data gathering instrument, measurement parameters for variables, and the chosen data analysis method are outlined. Emphasis is placed on validity and reliability tests to ensure the quality of gathered information and the robustness of the research methodology. Overall, this chapter serves as a comprehensive guide to the research process, aiming to provide a clear framework for understanding the study's design, execution, and evaluation.

#### **3.2 Research Design and Approach**

The research adopted an explanatory mixed-method design, joining both quantitative and qualitative approaches. To fully understand the study questions, it is essential to integrate the quantitative and qualitative findings. The qualitative data support, clarify or challenge the conclusions drawn from the quantitative phase due to the explanatory nature of the design. This integration provided a strong and detailed interpretation of the effect of transformational leadership on IWB within EABSC's Addis Ababa branch.

#### **3.3 Study Area and Target Population**

##### **3.3.1 Study Area**

The research was conducted exclusively at the East Africa Bottling Share Company's (EABSC) Addis Ababa branch. Situated in the vibrant and dynamic city of Addis Ababa, this branch serves as a pivotal operational center for the company's bottling and production activities. The choice of the Addis Ababa branch is strategic, allowing for an in-depth examination within a specific organizational context while providing valuable insights applicable to the broader Ethiopian business landscape.

### **3.3.2 Target Population**

The target population for this study comprises employees from the East Africa Bottling Share Company (EABSC), specifically those in departments where transformational leadership and innovative work behavior are most relevant. Out of a total of 356 employees at EABSC, 268 works in the Research and Development (R&D), Production, Sales, Human Resources (HR), and Logistics departments. These departments were chosen through purposive sampling because of their significant roles in the company's innovation processes and their potential to provide valuable insights into the effect of transformational leadership on innovative work behavior.

The remaining staff members are not included in the target population since they work in divisions like Law, drivers, security guards, and housekeeping. This exclusion is predicated on the idea that certain positions might not be directly involved in the creative processes and leadership philosophies that are being studied. To guarantee that the sample is appropriate and able to provide valuable information about the study's goals, the study will concentrate on 268 employees from the five departments.

The target population for this study comprises two key groups within EABSC's Addis Ababa branch:

The leadership team includes individuals occupying managerial and supervisory positions within various departments of the Addis Ababa branch. This group provided insights into the strategies, challenges, and understanding of transformational leadership. Employees across different hierarchical levels and departments within the Addis Ababa branch constitute the broader employee group. This diverse representation aims to capture a comprehensive view of innovative work behavior (IWB) among staff members.

#### **3.3.2.1 Inclusion Criteria**

Leadership Team:

- Individuals holding managerial or supervisory roles.
- Direct involvement in decision-making processes related to leadership practices.

Employees:

- Inclusion of staff members from various departments related to the topic.

- Representation from different hierarchical levels to ensure diversity.
- Individuals with a minimum of six months of continuous service at EABSC's Addis Ababa branch.

### 3.3.2.2 *Exclusion Criteria*

- Individuals not directly associated with EABSC's Addis Ababa branch.
- Employees with less than six months of continuous service and are not directly related with the topic.
- Leaders or employees unwilling to participate in the study.

## 3.4 Sample Size and Sampling Technique

### 3.4.1 Sample size

Sample size refers to the number of elements selected from a given population (Zikmund et al., 2010). The sample size for this study is determined using (Amateur n.d.) formula, considering the target population's characteristics within East Africa Bottling Share Company's (EABSC) Addis Ababa branch. The Krejcie and Morgan formula is expressed as:

$$s = \frac{X^2NP(1 - P)}{d^2(N - 1) + X^2P(1 - P)}$$

*Equation 1 Krejcie Equation*

Where:

- s is the required sample size.
- $X^2$  is the table value of chi-square for one degree of freedom at the desired confidence level
- N is the population size
- P is the population proportion
- d is the degree of accuracy expected as a proportion

For this study, with population size (N) of 268 employees in the Addis Ababa branch, considering a margin of accuracy (d) of 5%, (P) assumed to be 0.5 for max population sample size, and based on chi-square at 95% of confidence level with degree of

freedom 1 the chi-square ( $X^2$ ) value from the table is 3.841. The calculated sample size ensures a representative subset of the population is 256 as calculated below.

$$s = \frac{3.841 * 268 * 0.5(1 - 0.5)}{0.05^2(268 - 1) + 3.841 * 0.5(1 - 0.5)}$$

$$n = 158.1 \approx 159$$

### **3.4.2 Sampling Technique**

A stratified random sampling technique was employed to ensure a representative and diverse sample. The strata were based on hierarchical levels within EABSC's Addis Ababa branch. The procedure of stratification was done based on hierarchical levels (managers and supervisors in the leader's department and staff in the employee's department) and random sampling within each stratum, participants were randomly selected to ensure a proportional representation.

## **3.5 Source of Data and Data Collection Method**

### **3.5.1 Source of Data**

Primary data was gathered for this study from the East Africa Bottling Share Company's Addis Ababa branch. The use of primary data ensures that the information obtained is specific to the research objectives and tailored to the organizational context.

### **3.5.2 Data Collection Method**

The research employed a combination of quantitative and qualitative methods to gather comprehensive and rich insights into the effect of transformational leadership on innovative work behavior.

#### **3.5.2.1 Quantitative Method**

The quantitative data was collected through structured surveys and self-administered online fill methods among employees and leaders. The surveys utilized a Likert scale to measure perceptions and attitudes regarding transformational leadership and innovative work behavior.

The questionnaire that was sent through google form to the respondents is divided into two sections: Section one is deemed to collect the demographic characteristics of the target population i.e., the age, sex, level of education, work experience and company position. Meanwhile the second section is divided into two sub sections that are composed of five

constructs. Among the five constructs, Transformational leadership and Innovative work behavior through four and one constructs, respectively.

### 3.5.2.2 *Qualitative Method*

In-depth interviews were conducted with selected staff in managerial positions to gather qualitative data. These interviews provided a deeper understanding of the subjective experiences related to transformational leadership and its effect on innovative work behavior.

## 3.6 Model Specification and Method of Data Analysis

### 3.6.1 Model Specification

The relationship between transformational leadership and innovative work behavior was examined through a linear equation model. The dependent variable (innovative work behavior) is denoted as Y. The independent variables include idealized influence (X1), inspirational motivation (X2), intellectual stimulation (X3), and individual consideration (X4). The linear equation model is represented as:

$$Y_i = C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E$$

*Equation 2: Linear Equation Model*

Where:

- Y is the dependent variable (innovative work behavior),
- C is the constant,
- $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  are the coefficients of idealized influence, inspirational motivation, intellectual stimulation, and individual consideration, respectively,
- X1, X2, X3, and X4 are the independent variables corresponding to idealized influence, inspirational motivation, intellectual stimulation, and individual consideration respectively.
- E is the error term.

### 3.6.2 Data Analysis Software, Model, and Techniques

The data analysis for this study was conducted using IBM SPSS Statistics software, which is renowned for its comprehensive data management and advanced statistical analysis capabilities. Several crucial methods were used in the research to guarantee a close look at the data.



Firstly, descriptive analysis was performed to summarize the basic features of the data. This included calculating means, standard deviations, and frequencies for the variables of interest. Descriptive statistics Understand the overall patterns and features of the sample requires having a comprehensive picture of the data's distribution and central trends.

Secondly, correlation analysis was utilized to explore the relationships between the different variables. Pearson correlation coefficients were calculated to measure the strength and direction of the linear relationships between transformational leadership components (Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration) and Innovative Work Behavior (IWB). The correlation matrix revealed significant positive correlations between most of the leadership components and IWB, with coefficients such as 0.822 for Inspirational Motivation and 0.767 for Intellectual Stimulation, indicating strong positive relations.

Lastly, linear regression analysis was conducted to determine the predictive power of the transformational leadership components on IWB. This involved calculating unstandardized coefficients (B values), standardized coefficients (Beta values), t-values, and significance levels (p-values). The regression model indicated a high R-squared value of 0.858, suggesting that 85.8% of the variance in IWB can be explained by the leadership components. Additionally, multicollinearity diagnostics, including Tolerance and Variance Inflation Factor (VIF) values, were checked to ensure that the predictors were not excessively correlated.

These combined analytical techniques provided a comprehensive understanding of the data, highlighting the significant effect of transformational leadership on fostering innovative behaviors within EABSC.

### **3.7 Reliability and Validity**

#### **3.7.1 Validity**

Validity is the degree to which a measure accurately represents what it is supposed to (Middleton 2019). It is focused on how effectively the measure defines the notion. In order to guarantee the validity of the research, information will be gathered from dependable sources, such as participants with prior experience in EABSC.

### 3.7.1.1 Use of Standard Instruments

The questionnaire's items were developed using standard instruments that academics who have researched related subjects have previously applied. This method aids in guaranteeing that the questionnaire's questions are pertinent to the field of study and theoretically sound.

### 3.7.1.2 Pilot Testing

To further assess the inclusiveness, clarity, and relevance of the questionnaire items, a small sample of 15 respondents participated in a pilot test before the questionnaires were distributed. This facilitates the identification of any possible issues and enables improvement before the primary data-gathering stage.

## 3.7.2 Reliability

(F. DeVellis 2022) defined reliability and identified estimation measurements. They noted reliability as the degree to which the measurement or scale is consistent or dependable. Reproducible results from a measurement procedure are thought to indicate the reliability of the measuring device. It also refers to how accurate an instrument's measurements are and how consistently reliable the data it produces are. The author used Cronbach's Alpha ( $\alpha$ ) to estimate reliability of the instrument. The Coefficient alpha may be thought of as the mean of all possible split-half coefficients.

Interpretation of Cronbach's Alpha Values is  $\alpha \geq 0.9$ : Excellent,  $0.7 \leq \alpha < 0.9$ : Good,  $0.6 \leq \alpha < 0.7$ : Acceptable,  $0.5 \leq \alpha < 0.6$ : Poor,  $\alpha < 0.5$ : Unacceptable. Based on the above interpretation here are the Mean Cronbach's Alpha ( $\alpha$ ) values of the independent variable (Transformational leadership) and dependent variable (Innovative Work Behavior). The Individual Cronbach's Alpha ( $\alpha$ ) values are shown in Annex 3.

*Table 3-1 Reliability Statistics*

Reliability Statistics	
Cronbach's	
Alpha	N of Items
.910	24

*Source: Survey 2024*

*Table 3-2 Mean Coefficient alpha Values*

No	Variables	Cronbach's Alpha ( $\alpha$ )	Number of items	Strength of association
1	Idealized Influence	0.625	3	Acceptable
2	Inspirational Motivation	0.742	3	Good
3	Intellectual Stimulation	0.828	3	Good
4	Individualized Consideration	0.742	3	Good
5	Innovative work behavior	0.992	12	Excellent

*Source: Survey 2024*

### **3.8 Ethical consideration**

This research followed ethical standards and guidelines to ensure the well-being, privacy, and rights of participants. Firstly, informed consent was obtained from all participants involved in the study, clearly outlining the purpose, procedures, and potential implications of their participation. Confidentiality was strictly maintained, with all data anonymized and stored securely to prevent unauthorized access.

Participation in the study was entirely voluntary, and participants had the right to withdraw at any stage without facing any consequences. The research respected cultural sensitivities, and efforts were made to ensure that the study design, data collection instruments, and procedures were culturally appropriate and respectful of participants' backgrounds.

## CHAPTER FOUR

### 4 RESULTS AND DISCUSSION

#### 4.1 Introduction

The presentation and interpretation of the study's findings are covered in this chapter. The aim of this study is to evaluate the effect of transformational leadership style on the innovative work behavior of EABSC employees; Interpretation of the demographic survey, and quantitative analysis of the findings are presented in alignment with the findings of the literature review and interview.

#### 4.2 Questionnaire Response Rate

The percentage of people who complete a distributed survey compared to the total number of respondents is known as the survey response rate (Ramshaw 2023). The author also indicated that how interested the participants are in the subject matter and how well the questionnaire is presented to them are factors that affect the response rate. However, a respectable survey response rate is between the range of 5% and 30%. A response rate of 50% or greater is excellent.

A total of 159 questionnaires were expected to be replied by employees of EABSC, out of which 148 were filled and returned to the researcher. 11 questionnaires were not fulfilled, and from returned 15 respondents were with less than 6 months work experience which those are exclusion criteria. This study achieved an 83.6% response rate as shown in Table 4-1 below. The table presents the summary of the survey response status of this study.

*Table 4-1 Response Rate*

<b>Response</b>	<b>Total</b>	<b>Remark</b>
Completed Responses	133	
Total Respondents	159	
Response Rate	83.6%	Excellent (Respectable)

*Source: Survey 2024*

### 4.3 Demographic Characteristics of Respondents

Researchers can learn more about their subjects' backgrounds by including demographic questions in surveys. These inquiries give context to the survey data that have been gathered, enabling researchers to define their participants and do more accurate data analysis. In the survey conducted for this study respondents' gender, age, level of education, work experience in years, and their role in the organization was assessed.

#### 4.3.1 Sex Distribution of Respondents

To ensure a fair and equal representation of the respondents, the study took into account the respondents' sex as a demographic factor. According to table 4-2, men made up the bulk of respondents 60.2% while women made up only 39.8% of the respondents. The findings showed that the majority is male and that there is no sex equity, even if more research is needed to determine the causes. This result illustrates how both sexes are portrayed and how poorly sex is represented in this situation.

*Table 4-2 Sex Distribution of Response*

<b>Variable</b>	<b>Classification</b>	<b>Frequency</b>	<b>Percent (%)</b>
Gender	Male	80	60.2
	Female	53	39.8
<b>Total</b>		<b>133</b>	<b>100</b>

*Source: Survey 2024*

#### 4.3.2 Age Range of the Respondents

The survey also took into account the respondents' range in age. The age range was chosen in order to determine which age group made up the bulk of the leadership team who are directly or indirectly involved to the system and how well they understood IWB. As shown in table 4-3 the findings portray majority of the team ranges between 26 and 35 years old.

*Table 4-3 Age Range of the Respondents*

<b>Variable</b>	<b>Classification</b>	<b>Frequency</b>	<b>Percent (%)</b>
Age	18 – 25	11	8.3
	26 - 35 years	62	46.6
	36 - 45 years	39	29.3
	46 - 55 years	21	15.8
	<b>Total</b>	<b>133</b>	<b>100</b>

*Source: Survey 2024*

### **4.3.3 Level Of Education of The Respondents**

The highest level of education attained by the respondents was another demographic aspect taken into account in the study. The respondents' education level was crucial in determining their proficiency with and readiness for using innovative work behavior. According to the results shown in table 4-4, 39.1% of respondents acquired master's degree, 46.6% hold a bachelor's degree (BA/BSc). The result demonstrates that over 85% of the team hold higher level of education related to the field of study implying they are familiar with IWB.

*Table 4-4 Level of Education of the Respondents*

<b>Variable</b>	<b>Classification</b>	<b>Frequency</b>	<b>Percent (%)</b>
Level of Education	Diploma	18	13.5
	Undergraduate	62	46.6
	Postgraduate	52	39.1
	PhD	1	0.8
	<b>Total</b>	<b>133</b>	<b>100</b>

*Source: Survey 2024*

### **4.3.4 Role In Organization**

The respondents were asked to choose one of three options for their organizational job. Table 4-5 reveals that 72.2% of respondents identified as low-level employees. These results demonstrate that over 72.2% of respondents are coordinators and below who are

particularly useful in understanding how transformational leadership effects innovation at the ground level. This can be critical for improving day-to-day operations and fostering a culture of innovation among the majority of employees

*Table 4-5 Role In the Organization*

<b>Variable</b>	<b>Classification</b>	<b>Frequency</b>	<b>Percent (%)</b>
Role in the Organization	Senior Manager	6	4.5
	Unit head/manager	31	23.3
	Coordinators & below	96	72.2
	<b>Total</b>	<b>133</b>	<b>100</b>

*Source: Survey 2024*

#### **4.3.5 Work Experience in The Organization**

The organization's work experience was the final demographic component considered. Higher levels of work experience indicate that employees are well-versed in the organization's leadership and innovation. According to the survey, more than 86% of respondents have work experience spanning more than two years and more importantly more than 60% have work experience with more than 5 years. This is an acceptable figure to observe the company's norms. Table 4-6 displays a summary of the information for this demographic component.

*Table 4-6 Work Experience in the Organization*

<b>Variable</b>	<b>Classification</b>	<b>Frequency</b>	<b>Percent (%)</b>
Work Experience	6 months - 2 years	18	13.5
	2-5 years	34	25.6
	5-8 years	66	49.6
	8-10 years	13	9.8
	Above 10 years	2	1.5
	<b>Total</b>	<b>133</b>	<b>100</b>

*Source: Survey 2024*

#### **4.4 Data Analysis and Interpretation**

Once the questionnaires were returned the gathered data was edited for in valid inputs, errors and omissions. The data was then corrected, uniformly input, and well-arranged to make coding and tabulation easier. The questionnaire was then coded / labeled into constructs with numbers and letters so that it can be classified into a finite number of categories or classes. Finally, the raw data was condensed for further analysis and presenting it in a concise format (i.e., in the form of statistical tables). Annex 4 shows the result of the three steps of editing the data where the frequency, minimum and maximum values and range of variables are weighed.

It is generally agreed that employing quantitative and qualitative methodologies together rather than individually leads to a better understanding of study issues. Methodology triangulation, a hybrid methodology, aims to fill up any gaps and weak points between the quantitative and qualitative research. The employment of a variety of techniques shows an effort to comprehend and research the phenomenon in order to expand the breadth, depth, and consistency of methodological approaches. The descriptive, correlational, and regression analysis and a triangulated interpretation of the results in alignment with the research questions is presented as follows.

##### **4.4.1 Descriptive analysis of variables**

There are more exact ways of representing the form of the distribution of values for a particular variable, despite the fact that frequency tables and histograms give researchers a broad perspective of the distribution. These include metrics of dispersion and central tendency. By computing the mean value and standard deviation values of the responses, the statements studying the same variable were converted into a variable index. According to Marczyk et al. (2005), the standard deviation is a measurement of the dispersion (variation) in values from a distribution's mean.

The 5-point Likert scale border is used for this study's purposes. As a result, the dispersion of responses with a sigma value less than one are regarded as consistent, but those with a value greater than one are regarded as inconsistent. Whereas, high mean value expresses a probable high agreement with the assertion after the data have been modified as previously explained, whilst low mean value expresses low agreement to the proposed parameters. Table 4-7 below presents the summary of variable indices and their measured value of central tendency and dispersion.



Table 4-7 Summary of variable indices

Variables	Minimum	Maximum	Range	Mean	Std. Deviation
Idealized Influence	1	5	4	3.72	0.80
Inspirational Motivation	1	5	4	3.50	0.89
Intellectual Stimulation	1	5	4	3.97	0.73
Individualized Consideration	1	5	4	3.72	0.84
Innovative work behavior	1	5	4	3.73	0.68

Source: Survey 2024

#### 4.4.1.1 Idealized Influence

Idealized influence refers to the leader's ability to act as a role model and gain the admiration, trust, and respect of their followers (Avolio and Yammarino 2013). This part of the study focuses on analyzing the contribution of idealized influence innovative work behavior of employees.

Table 4-8 Descriptive Analysis of Idealized Influence

Questionnaire Statement	Mean	Std. Deviation
Does your manager demonstrate behaviors that inspire admiration and respect?	3.73	.889
Does your manager exhibit qualities that make you proud to be associated with them?	3.80	.795
Does your manager implant confidence and trust in their leadership abilities?	3.63	.723
Agg. Mean	3.72	0.80

Source: Survey 2024

As table 4-8 presented above shows, the practice of idealized influence is measured through three major constraints/aspects. An aggregate mean score of 3.72 and standard

deviation of 0.80 is achieved implying that on average the respondents agree that the practice of idealized influence is moderate.

The interviewee mentioned that the company leaders are very aware of how important employees idealize their leader will help the company's IWB structure. The firm adopts a policy called “Lead by Example” to practice innovative work behavior. Activities such as: recording once potential is one of major attention given to improve employees' performance.

Li (2019) The study found a significant positive relationship between transformational leadership and work engagement with innovative work behavior. Notably, empowerment was identified as a significant moderator, highlighting its role in influencing the relationship between transformational leadership and innovative work behavior.

#### **4.4.1.2 Inspirational Motivation**

Inspirational motives are leaders inspiring and motivating their followers by creating a compelling vision of the future. This component was developed as part of the transformational leadership theory by (Bass and Riggio 2005).

*Table 4-9 Descriptive Analysis of Inspirational Motives*

Questionnaire Statement	Mean	Std. Deviation
Does your manager encourage you to contribute ideas and suggestions for improving the organization?	3.10	.976
Do you feel motivated by your manager's vision and goals for the team?	3.65	.867
Does your manager involve you in decision-making processes that affect your work?	3.76	.836
Agg. Mean	3.50	0.89

*Source: Survey 2024*

As table 4-9 presented above shows, defining the inspirational motives is measured through three activities. An aggregate mean score of 3.50 and standard deviation of 0.89 is achieved implying that on average the respondents agree that inspirational motives are defined moderately.

The interviewee stated leaders understand the significance of inspiring their employees to drive innovation and growth. Through initiatives like the "Inspire to Innovate" program, leaders communicate a persuasive vision for the future, teaching a sense of purpose and motivation among employees. Regular communication of the company's goals and values inspires employees to go above and beyond in their work.

(Afsar and Umrani 2019), The findings reveal a positive influence of transformational leadership on both employees' innovative work behavior and motivation to learn, with the latter mediating the relationship between transformational leadership and innovative work behavior. Moreover, the study identifies the moderating roles of task complexity and innovation climate in the connection between transformational leadership and employees' innovative work behavior.

#### **4.4.1.3 Intellectual Stimulation**

Intellectual Stimulation is a key characteristic of transformational leadership, emphasizing a leader's role in encouraging innovation, critical thinking, and creativity among followers (Avolio 2005).

*Table 4-10 Descriptive Analysis of Intellectual Stimulation*

Questionnaire Statement	Mean	Std. Deviation
Does your manager challenge you to explore new perspectives and ideas?	4.15	.765
Does your manager promote a culture of innovation and experimentation within the team?	3.94	.736
Does your manager provide opportunities for you to develop new skills and knowledge?	3.81	.700
Agg. Mean	3.97	0.73

*Source: Survey 2024*

Table 4-10 presented above shows the three prominent activities of intellectual stimulation and their analysis. An aggregate mean score of 3.97 and standard deviation of 0.73 is achieved implying that on average the respondents agree that intellectual stimulation is captured moderately.

Data from interviewees implies regular brainstorming sessions and innovation workshops provide opportunities for employees to contribute their unique perspectives and propose creative solutions to business challenges. This culture of intellectual stimulation fosters continuous learning and empowers employees to drive innovation across the organization.

(Thuan 2020), investigated the impact of motivating follower creativity through leader intellectual stimulation, focusing on employees in the information technology sector in Vietnam. The research revealed a positive direct relationship between leader intellectual stimulation and follower creative performance.

#### 4.4.1.4 Individualized Consideration

Individualized Consideration is a critical component of transformational leadership, focusing on the leader's ability to recognize and address the unique needs, strengths, and developmental opportunities of each follower (Bernard M. Bass).

*Table 4-11 Descriptive Analysis of Individualized Consideration*

Questionnaire Statement	Mean	Std. Deviation
Does your manager challenge you to explore new perspectives and ideas?	3.69	.932
Does your manager promote a culture of innovation and experimentation within the team?	3.53	.724
Does your manager provide opportunities for you to develop new skills and knowledge?	3.93	.863
Agg. Mean	3.72	0.84

*Source: Survey 2024*

Table 4-11 presented above shows the prominent activities of the individualized consideration analyses conducted in TL and are measured through three activities. An aggregate mean score of 3.72 and standard deviation of 0.84 is achieved implying that on average the respondents agree that individualized consideration is measured moderately.

As per (Choi et al. 2016), The results reveal a significant positive relationship between TL and both employee innovative behavior and knowledge sharing. Moreover, knowledge sharing is identified as a mediating factor, and POS is found to positively moderate the relationship between TL and innovative behavior

#### 4.4.1.5 Innovative Work Behavior

The notion of innovation management encompasses a structured methodology for strategizing, executing, arranging, and overseeing organizational initiatives related to innovation.

*Table 4-12 Descriptive Analysis of Individualized Consideration*

Questionnaire Statement	Mean	Std. Deviation
Are you encouraged to explore out-of-the-box solutions to work-related challenges?	3.78	.752
Are you willing to take risks in proposing innovative ideas or solutions?	3.76	.740
Do you actively seek feedback from others to refine and improve your innovative ideas?	3.49	.629
Are you involved in generating ideas for new projects or initiatives?	3.93	.644
Do you typically approach the process of generating new ideas?	3.74	.670
Are you encouraged to share your innovative ideas with colleagues or supervisors?	3.78	.685
Have you ever taken the lead in promoting a new idea?	4.13	.637
Are you willing to invest time and effort into championing innovative projects or initiatives?	3.20	.711
How successful have you been in gaining support for innovative ideas that you championed in the past?	3.69	.687
Are you involved in implementing new initiatives or projects within your organization?	4.32	.667
Are you supported and resources provided during the implementation of innovative projects?	3.24	.676
Have you been recognized or rewarded for your contributions to successfully implementing innovative ideas in the past?	3.70	.639
Agg. Mean	3.73	0.68

*Source: Survey 2024*

Table 4-12 presented above shows the evaluation of the IWB using twelve parameters. An aggregate mean score of 3.73 and standard deviation of 0.68 is achieved implying that on average the respondents agree that the innovative work behavior is moderate.

#### 4.4.2 Correlation Analysis

For the purpose of calculating the degree of relationship between two or more variables, correlation analysis examines the joint variation of the two or more variables. The degree and direction of the linear link between variables are both described via correlation analysis. The most common technique for determining how closely two variables is related is to utilize Karl Pearson's coefficient of correlation, also known as simple correlation. (Kothari, 2004).

Karl Pearson's correlation coefficient is also known as the product moment correlation coefficient. The value of 'r' is between -1 and +1. Positive values of 'r' show positive correlation, which means that changes in both variables follow the direction of the statement, whereas negative values of 'r' indicate negative correlation, which means that changes in the two variables follow the opposite directions. There is no relationship between the two variables if 'r' has a value of zero. A high degree of correlation between the two variables is indicated by a r value that is closer to +1 or -1. The table presented below shows the values in order to interpret output of Pearson correlation analysis.

*Equation 3 Karl Pearson's Coefficient of correlations*

$$(r)^* = \frac{\sum(X_i - \hat{X})(Y_i - \hat{Y})}{n \cdot \sigma_x \cdot \sigma_y}$$

*Table 4-13 Measuring Parameters of Pearson Correlation*

Measured	Parameter Value	Description
Strength (r)	Strong	0.7-1
	Moderate	0.3-0.7
	Weak	Less than 0.3
Nature	Positive	Greater than 0
	Negative	Less than 0
Significance	Significant	P-value < 0.05
	Insignificant	P-value > 0.05

Source: Research methodology: methods and techniques (Kothari, 2004)

#### 4.4.2.1 Correlation test assumptions

Karl Pearson's correlation coefficient assumes that the two variables have a linear relationship; casually related, which means that one of the variables is independent and the other is dependent; and data from both variables follow normal distribution. One of the assumptions of Karl Pearson's correlation coefficient is the data from both variables follow normal distribution. Therefore, this part of the study measures whether the distribution of the data from both sides is normal or non-normal. Both the numerical output - Skewness and Kurtosis Z-values; and the visual output - Histogram plots are investigated for this test. Table 4-14 below shows the result of normality test. From the table it can be seen that Z-values are between  $\pm 1.96$ . As a result, the assumption is satisfied and Pearson's correlation coefficient can be measured in order to assess the degree of linear relationship between application of EVM and Project Success.

*Table 4-14 Skewness and Kurtosis test result*

		Statistic	Std. Error	Z - values
Idealized Influence	Skewness	3.018	0.21	0.08571
	Kurtosis	2.546	0.417	-1.0887
Inspirational Motivations	Skewness	3.138	0.21	0.65714
	Kurtosis	2.653	0.417	-0.8321
Intellectual Stimulations	Skewness	3.187	0.21	0.89048
	Kurtosis	2.958	0.417	-0.1007
Individualized Considerations	Skewness	2.621	0.21	-1.8048
	Kurtosis	2.419	0.417	-1.3933
Innovative Work Behaviors	Skewness	3.39	0.21	1.85714
	Kurtosis	3.53	0.417	1.27098

Source: Survey 2024

#### 4.4.2.2 Correlation between Transformational Leadership and Innovative Work Behavior

Table 4-15 Result of correlation analysis

		Correlations				
		II	IM	IS	IC	IWB
Idealized Influence (II)	Pearson Correlation	1				
	Pearson Correlation	.828**	1			
Intellectual Stimulations (IS)	Pearson Correlation	.730**	.813**	1		
	Pearson Correlation	-.175*	-.324**	-.217*	1	
Individualized Considerations (IC)	Pearson Correlation	.774**	.822**	.767**	-.572**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

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

Source: Survey 2024

Transformational leadership provides managers with innovative insights into employees work behavior and performance. This part of the study focuses on analyzing the correlation between transformational leadership and innovative work behavior. Table 4-18 presented above shows the result of the analysis of correlation. The result is discussed as follows:

- Idealized Influence and Innovative Work Behavior: Pearson correlation is 0.774, indicating a strong positive relationship. Leaders who exhibit Idealized Influence significantly enhance employees' innovative behaviors.
- Inspirational Motivation and Innovative Work Behavior: Pearson correlation is 0.822, showing a very strong positive relationship. This suggests that Inspirational Motivation is highly effective in promoting innovative behavior among employees.



- Intellectual Stimulation and Innovative Work Behavior: Pearson correlation is 0.767, also indicating a strong positive relationship. Leaders who intellectually stimulate their employees encourage innovation.
- Individualized Consideration and Innovative Work Behavior: Pearson correlation is -0.572, indicating a moderate negative relationship. This unexpected result suggests that Individualized Consideration may negatively impact innovative work behavior in this context. This might indicate specific dynamics within the organization:
  - **Dependency:** Employees might become overly dependent on their leaders, reducing their initiative to innovate (De Clercq and Mustafa 2023).
  - **Misalignment:** The type of individualized consideration provided might not align with what employees need to foster innovative behaviors (Amdework n.d.).
  - **Micromanagement:** Excessive individualized attention could be perceived as micromanagement, stifling creativity and innovation.

All the correlations are statistically significant at the 0.01 level (2-tailed).

### 4.4.3 Regression Analysis Result

The findings of the regression analysis are shown in this section, providing a thorough investigation of the influence of transformational leadership on employees' innovative work behaviors. To help firms create successful leadership development programs and promote an innovative culture, it is overbearing that the main leadership behaviors that substantially affect IWB be identified through this study. (Anon n.d.-c)

#### 4.4.3.1 Model Summary

*Table 4-16 Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.926 <sup>a</sup>	.858	.854	.24873

Predictors: II, IM, IS, IC and Dependent Variable: IWB

Source: Survey 2024

- $R = 0.926$ : A very strong positive correlation between the predictors (Idealized Influence, Inspirational Motivations, Intellectual Stimulations, and Individualized Considerations) and the dependent variable (Innovative work behavior) which describes an increase in TL components will lead to an increase in IWB
- $R^2 = 0.858$ : 85.8% of the variance in Innovative Work Behavior is explained by the four dimensions of transformational leadership which are Idealized Influence, Inspirational Motivations, Intellectual Stimulations, and Individualized Considerations
- Adjusted  $R^2 = 0.854$ : This value confirms the model's explanatory power, adjusting for the number of predictors.
- Std. Error of the Estimate = 0.24873: Indicates the average distance that the observed values fall from the regression line.

#### 4.4.3.2 ANOVA (*Analysis of Variance*)

Table 4-17 ANOVA (*analysis of variance*)

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	47.981	4	11.995	193.885	.000 <sup>b</sup>
1 Residual	7.919	128	.062		
Total	55.900	132			

a. Dependent Variable: IWB

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

Source: Survey 2024

This value of 47.981 (Regression) indicates the amount of variation in the dependent variable (IWB) explained by the independent variables (Idealized Influence, Inspirational Motivations, Intellectual Stimulations, and Individualized Considerations). The value of 7.919 (Residual) represents the variation in the dependent variable that is not explained by the model. The amount (55.900) is the total variation in the dependent variable.

A sufficiently large F-value indicates that the term or model is significant.(Anon n.d.-b) The number 193.885 indicates how much of the variation in the dependent variable can be explained by the independent variables relative to the unexplained variation.

The regression model is statistically significant ( $p < 0.05$ ). This means that the independent variables (Idealized Influence, Inspirational Motivations, Intellectual Stimulations, and Individualized Considerations) together explain a significant portion of the variance in the dependent variable (Innovative work behavior).

#### 4.4.3.3 Coefficient Table

A regression coefficient describes the size and direction of the relationship between a predictor and the response variable. Coefficients are the numbers by which the values of the term are multiplied in a regression equation.(Anon n.d.-b)

The standard error of the coefficient estimates the variability between coefficient estimates that you would obtain if you took samples from the same population again and again. These confidence intervals (P) are ranges of values that are likely to contain the true value of the coefficient for each term in the model which in this case for 95% confidence level the value of P must be  $<0.05$  to be significant.

Tolerance is a measure of multicollinearity in regression analysis. It represents the proportion of a variable's variance that is not explained by the other independent variables in the model. The variance inflation factor (VIF) indicates how much the variance of a coefficient is inflated due to the multicollinearity among the predictors in the model.(Anon n.d.-b)

*Table 4-18 Multicollinearity Standards*

VIF	Status of predictor	Tolerance Levels	Interpretation
VIF = 1	Not correlated	Close to 1	low multicollinearity
$1 < VIF < 5$	Moderately correlated	Below 0.1	high multicollinearity
VIF > 5	Highly correlated	Below 0.2	potential concern

Source: .(Anon n.d.-b)

Table 4-19 Coefficient table

Model	Coefficients <sup>a</sup>						
	Unstandardized		Standardized			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	.955	.391		2.443	.016		
II	.656	.111	.362	5.928	.000	.296	3.376
IM	.282	.128	.164	2.207	.029	.201	4.979
IS	.543	.111	.284	4.884	.000	.328	3.050
IC	-.734	.067	-.394	-11.015	.000	.865	1.156

a. Dependent Variable: IWB

Source: Survey 2024

The Constant (Intercept) has a value of B (0.955) When all independent variables are zero, this is the expected value of the dependent variable (IWB). In this context, it represents the baseline level of innovative work behavior when transformational leadership factors are not applied. P (0.016) This p-value indicates that the intercept is statistically significant at the 0.05 level. Idealized Influence of B (0.656) Keeping all other factors equal, the dependent variable (IWB) is predicted to grow by 0.656 units for every unit increase in (Idealized Influence). P (0.000) and t (5.928) given that the P-value is less than 0.05 and the t-value is 5.928, the coefficient is considered statistically significant. Innovative work behavior is positively impacted by idealized influence. Tolerance (0.296) and VIF (3.376) these values suggest some multicollinearity, but it's not a potential concern since it is  $VIF < 5$  and  $T > 0.2$ . Research by (Araujo et al. 2021), (Avolio and Yammarino 2013), and an article by (Okumu and Opio 2023) also implicate idealized influence has a positive significance in employees innovative work behavior.

Inspirational Motivation of B (0.282) Assuming all other variables remain constant, an increase of one unit in Inspirational Motivation should result in a 0.282 unit increase in the dependent variable IWB. P (0.029) and t (2.207): Because the P-value is 0.029 and the t-value is 2.207, P which is less than 0.05, the coefficient is considered statistically significant. Innovative work behavior is positively impacted by inspirational motivation.

VIF (4.979) and a tolerance of 0.201 these numbers show it's not a potential concern since it is  $VIF < 5$  and  $T > 0.2$ . Research by (Gujral 2012) and an article by (Awori et al. 2023) also implies there is a positive significance of inspirational motivation on innovative work behavior.

Intellectual Stimulation of B (0.543) Keeping all other factors fixed, the dependent variable (IWB) is predicted to rise by 0.543 units for every unit increase in Intellectual Stimulation. P of 0.000 and t (4.884) given that the p-value is less than 0.05 and the t-value is 4.884, the coefficient is considered statistically significant. Innovative work behavior is positively impacted by intellectual stimulation. VIF (3.050) and tolerance (0.328) These numbers show it's not a potential concern since it is  $VIF < 5$  and  $T > 0.2$ . A study by (Agarwal and Gupta 2021) and research by (Zhang n.d.) demonstrated that intellectual stimulation positively impacts innovative behavior by increasing psychological empowerment among employees.

Individualized Consideration B (-0.734) For every one-unit increase in Individualized Consideration the dependent variable (IWB) is expected to decrease by 0.734 units, holding all other variables constant. t (-11.015) and P (0.000); the p-value is less than 0.05, indicating that the coefficient is statistically significant. Individualized consideration has a significant negative impact on innovative work behavior. Tolerance (0.865) and VIF (1.156) These values suggest no multicollinearity issues with this variable. It is rather uncommon for Individualized Consideration to have a negative effect on Innovative Work Behavior (IWB), since the majority of research tends to indicate a positive or neutral association between these factors. A feature of transformational leadership known as Individualized Consideration usually entails leaders attending to the needs of each staff member, offering tailored assistance and encouragement, and assisting staff members in realizing their potential.

#### **4.4.4 Hypotheses Testing**

As indicated above, the research examined the effects of the four dimensions of transformational leadership on innovative work behavior. The research statistical findings revealed that the positive coefficient (0.543) and significant correlation (0.767) suggest that intellectual stimulation by EABSC's leadership positively influences innovative work behavior which approved Ha1, the positive coefficient (0.282) and significant correlation (0.822) indicate that addressing gaps in inspirational motivation significantly improves employee innovation which approved Ha2, The positive effects of Idealized Influence,

Inspirational Motivation, and Intellectual Stimulation on IWB demonstrate that effective leadership practices contribute to innovative work behavior which proves Ha3, The positive coefficient (0.656) and significant correlation (0.774) suggest that positive perceptions of idealized influence are associated with higher innovative work behavior proves Ha4 and finally The negative coefficient (-0.734) and significant negative correlation (-0.572) indicate that challenges in individualized consideration negatively impact the successful implementation and sustainability of transformational leadership which permitted Ha5.

#### **4.4.5 Challenges underlying Transformational leadership and Innovative work Behavior**

The interview responses, several challenges underlie transformational leadership and innovative work behavior at EABSC. One significant challenge is resistance to change, as employees might be unwilling to adopt new practices and behaviors due to fear of the unknown or comfort with existing processes. Additionally, inconsistency in leadership practices across departments also lead to uneven experiences for employees, diluting the effectiveness of initiatives like the "Lead by Example" policy.

Furthermore, without tangible rewards or recognition, efforts may feel undervalued. Communication gaps also pose a problem, as misunderstandings and misalignment on goals also reduce engagement. Employee burnout is another concern, Lastly, cultural barriers within the organization were also mentioned as the biggest issue, such as a hierarchical or risk-averse culture, which can smother open communication and the free flow of ideas. Addressing these challenges involves implementing change management strategies, ensuring consistent leadership, allocating adequate resources, establishing recognition programs, improving communication, and cultivating a supportive culture that values creativity and continuous learning.

## CHAPTER FIVE

### 5 SUMMARY AND CONCLUSION

#### 5.1 Summary

This study investigates the impact of transformational leadership on innovative work behavior (IWB) at the East African Bottling Share Company (EABSC) Addis Ababa branch, focusing on the four components of transformational leadership: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. Data was gathered from 133 respondents through surveys and interviews, revealing insightful correlations and regression analysis results. The correlation analysis showed that Idealized Influence and IWB have a Pearson correlation coefficient of 0.774, Inspirational Motivation and IWB have a coefficient of 0.822, and Intellectual Stimulation and IWB have a coefficient of 0.767, all significant at  $P < 0.01$ . Conversely, Individualized Consideration and IWB have a Pearson correlation coefficient of -0.572, also significant at  $P < 0.01$ . These results indicate strong positive relationships between IWB and the components of Idealized Influence, Inspirational Motivation, and Intellectual Stimulation, while Individualized Consideration shows a significant negative relationship.

The regression analysis further confirmed these findings, with Idealized Influence showing a coefficient value of 0.656 ( $t = 5.928, P < 0.001$ ), Inspirational Motivation with a coefficient value of 0.282 ( $t = 2.207, P = 0.029$ ), and Intellectual Stimulation with a coefficient value of 0.543 ( $t = 4.884, P < 0.001$ ). On the other hand, Individualized Consideration showed a coefficient value of -0.734 ( $t = -11.015, P < 0.001$ ). The regression model was significant ( $F = 193.885, P < 0.001$ ), with an  $R^2$  of 0.858, indicating that 85.8% of the variance in IWB can be explained by these four leadership components. The coefficients confirm that Idealized Influence, Inspirational Motivation, and Intellectual Stimulation positively influence IWB, while Individualized Consideration has a negative impact.

Insights from interviews revealed that EABSC's leaders recognize the importance of employees' perceptions of their leaders and the role of Idealized Influence in fostering innovation. Programs like "Lead by Example" and "Inspire to Innovate" highlight the company's efforts to motivate and engage employees in innovative activities. Regular brainstorming sessions and innovation workshops are conducted to stimulate intellectual growth and creativity among employees. Overall, the data indicates that transformational

leadership is crucial for promoting IWB at EABSC, though attention must be paid to balancing Individualized Consideration to avoid negative impacts on innovation.

## 5.2 Conclusion

The study concludes that transformational leadership significantly impacts innovative work behavior at the East African Bottling Share Company (EABSC) Addis Ababa branch. Specifically, Idealized Influence, Inspirational Motivation, and Intellectual Stimulation positively correlate with and contribute to fostering innovation among employees. These components create an environment where employees feel inspired, intellectually challenged, and motivated to contribute to the company's innovative processes. The regression analysis results show that Idealized Influence ( $B = 0.656$ ,  $p < 0.001$ ), Inspirational Motivation ( $B = 0.282$ ,  $p = 0.029$ ), and Intellectual Stimulation ( $B = 0.543$ ,  $p < 0.001$ ) all have significant positive coefficients, reinforcing their critical roles in promoting innovative work behavior.

However, Individualized Consideration demonstrates a negative impact on innovative work behavior, as indicated by its negative regression coefficient ( $B = -0.734$ ,  $p < 0.001$ ). This suggests that an excessive focus on individual needs might detract from collective innovation efforts. The negative impact can be attributed to several factors, including dependency, misalignment, and micromanagement. An overemphasis on individualized attention may lead to dependency, where employees rely too heavily on personalized support rather than developing independent, innovative solutions. Misalignment can occur when individual goals and priorities overshadow team and organizational objectives, leading to fragmented efforts and reduced overall innovation. Additionally, micromanagement can smother creativity and hinder the autonomous problem-solving that drives innovation.

This balance is crucial for sustaining innovation and maintaining a competitive advantage at EABSC. The study highlights the necessity for leaders to continuously engage in practices that promote shared vision, motivation, and intellectual growth to drive organizational innovation. Leaders must strive to harmonize their approach to transformational leadership, ensuring that they provide adequate individualized consideration without undermining the overall innovative culture. This holistic strategy will enable EABSC to harness the full potential of its workforce and maintain a competitive edge in the industry.



### 5.3 Recommendation

To maximize the benefits of transformational leadership on innovative work behavior at EABSC, several actions are recommended as follow.

- **Enhance Leadership Consistency:** EABSC had better enhance the consistency and alignment of leadership practices across all departments to ensure a unified approach to innovation. This can be achieved through regular leadership training and development programs that emphasize the importance of Idealized Influence and Intellectual Stimulation.
- **Balance Individualized Consideration:** It is advised to address the negative impact of Individualized Consideration by promoting a balance between personalized support and encouraging independent problem-solving among employees. Providing resources and tools for employees to take initiative and drive their own innovation projects ought to be prioritized.
- **Implement Recognition and Reward Systems:** EABSC had better implement robust recognition and reward systems to motivate employees to engage in innovative activities. Tangible rewards, public recognition, and career advancement opportunities can significantly boost morale and innovation.
- **Improve Communication Channels:** The company is advised to improve communication channels to ensure that all employees are aligned with the company's vision and innovation goals. Regular updates, transparent communication of objectives, and feedback mechanisms can enhance engagement and reduce misunderstandings.
- **Create a Supportive Environment:** EABSC ought to create a supportive environment that mitigates the risk of burnout by managing workloads effectively. This holistic approach will help sustain a culture of continuous learning and innovation.

This holistic approach will help sustain a culture of continuous learning and innovation, ultimately contributing to EABSC's competitive advantage and long-term sustainability.

## **5.4 Research Limitations and Areas of Further Research**

### **5.4.1 Research Limitations**

This study, while complete, has several limitations that must be acknowledged. Firstly, the research is geographically confined to the Addis Ababa branch of the East African Bottling Share Company (EABSC), which may limit the generalizability of the findings to other branches or regions. The cultural and organizational dynamics unique to this branch may influence the applicability of the results in different settings. Additionally, the reliance on self-reported data through surveys and interviews may introduce response biases, where participants might overestimate positive behaviors or downplay challenges due to social desirability or fear of repercussions. Lastly, the negative impact of Individualized Consideration on innovative work behavior, as observed in this study, may require further exploration to understand the underlying mechanisms better, as this finding disparities with some existing literature.

### **5.4.2 Areas of Further Research**

Future research should aim to address these limitations to enhance the understanding of transformational leadership and its impact on innovative work behavior. Expanding the study to include multiple branches of EABSC across different regions would provide comparative insights and improve the generalizability of the findings. Investigating the specific reasons behind the negative impact of Individualized Consideration on innovation is crucial. This could involve exploring the balance between individualized attention and collective innovation efforts to determine optimal leadership practices. Furthermore, examining the role of organizational culture and external environmental factors in shaping the effectiveness of transformational leadership could offer valuable insights for both theory and practice.

## REFERENCE

- Abun, Damianus, and Libertine Gertrude R. Macaspact. 2023. "Promoting Innovative Work Behavior Through Innovative Work Environment." *Divine Word International Journal of Management and Humanities* 2(3):374–412.
- Afsar, Bilal, Yuosre F. Badir, and Bilal Bin Saeed. 2014. "Transformational Leadership and Innovative Work Behavior." *Industrial Management & Data Systems* 114(8):1270–1300. doi: 10.1108/IMDS-05-2014-0152.
- Afsar, Bilal, and Waheed Ali Umrani. 2019. "Transformational Leadership and Innovative Work Behavior: The Role of Motivation to Learn, Task Complexity and Innovation Climate." *European Journal of Innovation Management* 23(3):402–28. doi: 10.1108/EJIM-12-2018-0257.
- Agarwal, Ruchi, and Babeet Gupta. 2021. "Innovation and Leadership: A Study of Organizations Based in the United Arab Emirates." *Foundations of Management* 13(1):73–84. doi: 10.2478/fman-2021-0006.
- Al Harbi, Jaithen Abdullah, Saud Alarifi, and Aissa Mosbah. 2019. "Transformation Leadership and Creativity: Effects of Employees Psychological Empowerment and Intrinsic Motivation." *Personnel Review* 48(5):1082–99. doi: 10.1108/PR-11-2017-0354.
- Almonawer, Nouf S. 2021. "The Impact of Transformational Leadership on Transforming Education in Secondary Schools: The Case of Kuwait." Thesis, Brunel University London.
- Amabile, Teresa M., and Michael G. Pratt. 2016. "The Dynamic Componential Model of Creativity and Innovation in Organizations: Making Progress, Making Meaning." *Research in Organizational Behavior* 36:157–83. doi: 10.1016/j.riob.2016.10.001.
- Amateur, RADIC Radio. n.d. "SAMPLE SIZE ESTIMATION USING KREJCIE AND MORGAN AND COHEN STATISTICAL POWER ANALYSIS: A COMPARISON."
- Amdework, Abebe Abebaw. n.d. "THE EFFECT OF LEADERSHIP STYLES ON INNOVATION: A CASE STUDY OF PAGATECH LIMITED."
- Anon. n.d.-a. "(18) The Imperative of Innovation: Navigating Today's Entrepreneurial Landscape | LinkedIn." Retrieved March 8, 2024 (<https://www.linkedin.com/pulse/imperative-innovation-navigating-todays-landscape-innovaner-jkitcdo-gqoqc/>).
- Anon. n.d.-b. "Analysis of Variance Table for Fit Regression Model." Retrieved May 31, 2024 (<https://support.minitab.com/en-us/minitab/help-and-how-to/statistical-modeling/regression/how-to/fit-regression-model/interpret-the-results/all-statistics-and-graphs/analysis-of-variance-table/>).
- Anon. n.d.-c. "Model Summary Table for Fit Regression Model." Retrieved May 31, 2024 (<https://support.minitab.com/en-us/minitab/help-and-how-to/statistical->

modeling/regression/how-to/fit-regression-model/interpret-the-results/all-statistics-and-graphs/model-summary-table/).

- Anon. n.d.-d. "The Path Is the Goal: How Transformational Leaders Enhance Followers' Job Attitudes and Proactive Behavior - PMC." Retrieved March 8, 2024 (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6281759/>).
- Apau, Seth, and Patrick Eyamba. 2020. "Effect of Transformational Leadership Style on Innovative Work Behaviour of Employees." 28–38. doi: 10.9790/487X-2208082838.
- Araujo, Lizio, Sidik Priadana, Vip Paramarta, and Denok Sunarsi. 2021. "Digital Leadership in Business Organizations: An Overview." *International Journal of Educational Administration, Management, and Leadership* 5–16. doi: 10.51629/ijeamal.v2i1.18.
- Avolio, Bruce J. 2005. *Leadership Development in Balance: MADE/Born*. Psychology Press.
- Avolio, Bruce J., and Francis J. Yammarino. 2013. *Transformational and Charismatic Leadership: The Road Ahead*. Emerald Group Publishing.
- Awori, Benta Wandede Anyiko-, John Gatithi Wachira, Thendi Julia Wamweru, and Aquilus Peter Barasa. 2023. *Employees' Motivation Schemes*. IPR Journals and Book Publishers.
- Bandura, Albert. 2003. "Social Cognitive Theory for Personal and Social Change by Enabling Media." in *Entertainment-Education and Social Change*. Routledge.
- Bass, Bernard M., and Ronald E. Riggio. 2005. *Transformational Leadership*. 2nd ed. New York: Psychology Press.
- Brown, Terrence E., and J. M. Ulijn. 2004. *Innovation, Entrepreneurship and Culture: The Interaction Between Technology, Progress and Economic Growth*. Edward Elgar Publishing.
- Bryman, Alan, Keith Grint, and David L. Collinson. 2011. "The SAGE Handbook of Leadership." 1–592.
- Choi, Suk Bong, Kihwan Kim, S. M. Ebrahim Ullah, and Seung-Wan Kang. 2016. "How Transformational Leadership Facilitates Innovative Behavior of Korean Workers: Examining Mediating and Moderating Processes." *Personnel Review* 45(3):459–79. doi: 10.1108/PR-03-2014-0058.
- Conger, Jay A. 1999. "Charismatic and Transformational Leadership in Organizations: An Insider's Perspective on These Developing Streams of Research." *The Leadership Quarterly* 10(2):145–79. doi: 10.1016/S1048-9843(99)00012-0.
- Daft, Richard L., and Patricia G. Lane. 2008. *The Leadership Experience*. 4th ed. Mason, OH: Thomson/South-Western.
- Daly, John A. 2011. *Advocacy: Championing Ideas and Influencing Others*. Yale University Press.

- Damanpour, Fariborz. 2020. *Organizational Innovation: Theory, Research, and Direction*. Edward Elgar Publishing.
- De Clercq, Dirk, and Michael Mustafa. 2023. "How Transformational Leaders Get Employees to Take Initiative and Display Creativity: The Catalytic Role of Work Overload." doi: 10.1108/PR-02-2022-0090.
- Dincer, Hasan, and Serhat Yüksel. 2020. *Strategic Outlook for Innovative Work Behaviours: Interdisciplinary and Multidimensional Perspectives*. Springer Nature.
- F. DeVellis, Robert. 2022. "Cronbach Alpha Coefficient - an Overview | ScienceDirect Topics." Retrieved June 2, 2024 (<https://www.sciencedirect.com/topics/nursing-and-health-professions/cronbach-alpha-coefficient>).
- Farida, Ida, and Doddy Setiawan. 2022. "Business Strategies and Competitive Advantage: The Role of Performance and Innovation." *Journal of Open Innovation: Technology, Market, and Complexity* 8(3):163. doi: 10.3390/joitmc8030163.
- Fiedler, Fred E. 1978. "The Contingency Model and the Dynamics of the Leadership Process1." Pp. 59–112 in *Advances in Experimental Social Psychology*. Vol. 11, edited by L. Berkowitz. Academic Press.
- Grant, Andrew, and Gaia Grant. 2016. *The Innovation Race: How to Change a Culture to Change the Game*. John Wiley & Sons.
- Greineder, Michael, and Niklas Leicht. 2020. "Agile Leadership - a Comparison of Agile Leadership Styles." Pp. 277–90 in *33rd Bled eConference – Enabling Technology for a Sustainable Society: June 28 – 29, 2020, Online Conference Proceedings*. University of Maribor Press.
- Gujral, Gurdeep Singh. 2012. *Leadership Qualities for Effective Leaders*. Vij Books India Pvt Ltd.
- Hickman, Gill Robinson. 2010. *Leading Organizations: Perspectives for a New Era*. SAGE.
- Howell, Jane M., and Kathryn E. Hall-Merenda. 1999. "The Ties That Bind: The Impact of Leader-Member Exchange, Transformational and Transactional Leadership, and Distance on Predicting Follower Performance." *Journal of Applied Psychology* 84(5):680–94. doi: 10.1037/0021-9010.84.5.680.
- Huang, Zijian, Stavros Sindakis, Sakshi Aggarwal, and Ludivine Thomas. 2022. "The Role of Leadership in Collective Creativity and Innovation: Examining Academic Research and Development Environments." *Frontiers in Psychology* 13. doi: 10.3389/fpsyg.2022.1060412.
- Katerina, Ristovska, and Ristovska Aneta. 2014. "The Impact of Globalization on the Business." *Economic Analysis* 47(3).
- Khan, Zakeer Ahmed. 2016. "Leadership Theories and Styles: A Literature Review."
- Krauter, Jörg. 2022. "A Team-Based Leadership Framework—The Interplay of Leadership Self-Efficacy, Power, Collaboration and Teamwork Processes Influencing Team

- Performance.” *Open Journal of Leadership* 11(2):146–93. doi: 10.4236/ojl.2022.112010.
- Lin, Hsiu-Chuan, and Yuan-Duen Lee. 2017. “A Study of The Influence of Organizational Learning on Employees’ Innovative Behavior and Work Engagement by A Cross-Level Examination.” *Eurasia Journal of Mathematics, Science and Technology Education* 13(7):3463–78. doi: 10.12973/eurasia.2017.00738a.
- Lin, Qingjin, Loo-See Beh, and Nurul Liyana Mohd Kamil. 2023. “Unlocking Innovation: The Power of Two Leadership Styles in Chinese Higher Education.” *Kybernetes* ahead-of-print(ahead-of-print). doi: 10.1108/K-07-2023-1276.
- Llerena, Patrick, and Mireille Matt. 2006. *Innovation Policy in a Knowledge-Based Economy: Theory and Practice*. Springer Science & Business Media.
- Malerba, Franco, and Stefano Brusoni. 2007. *Perspectives on Innovation*. Cambridge University Press.
- Mckeown, Max. 2014. *The Innovation Book: How To Manage Ideas And Execution For Outstanding Results*. Pearson Education.
- Middleton, Fiona. 2019. “Reliability vs. Validity in Research | Difference, Types and Examples.” *Scribbr*. Retrieved June 2, 2024 (<https://www.scribbr.com/methodology/reliability-vs-validity/>).
- Mihardjo, Leonardus, and Asnan Furinto. 2018. “The Effect of Digital Leadership and Innovation Management for Incumbent Telecommunication Company in the Digital Disruptive Era.” *International Journal of Engineering and Technology* 7. doi: 10.14419/ijet.v7i2.29.13142.
- Mothe, John de la, and Dominique Foray. 2012. *Knowledge Management in the Innovation Process*. Springer Science & Business Media.
- Nusair, Naim, Raed Ababneh, and Yun Kyung Bae. 2012. “The Impact of Transformational Leadership Style on Innovation as Perceived by Public Employees in Jordan.” *International Journal of Commerce and Management* 22(3):182–201. doi: 10.1108/10569211211260283.
- Okumu, John Bismarck, and George Opio. 2023. “Continuous Professional Development and Teachers Improved Pedagogical Skills in Secondary Schools in Gulu City.” *East African Journal of Education Studies* 6(3):430–40. doi: 10.37284/eajes.6.3.1594.
- Ramshaw, Adam. 2023. “The Complete Guide to Acceptable Survey Response Rates.” *B2B Marketing | Customer Feedback | Net Promoter Score | Genroe*. Retrieved May 24, 2023 (<https://www.genroe.com/blog/acceptable-survey-response-rate-2/11504>).
- Sánchez-Cardona, Israel, Marisa Salanova Soria, and Susana Llorens-Gumbau. 2018. “Leadership Intellectual Stimulation and Team Learning: The Mediating Role of Team Positive Affect.” *Universitas Psychologica* 17(1):1–16.

- Setiawan, R., G. Tirsa, T. Suryani, and A. Eliyana. 2020. "Boosting Innovative Work Behavior on Local Branded Fashion: The Evidence from Indonesia." *Utopía y Praxis Latinoamericana* 25(Esp.2):66–74.
- Shavinina, Larisa V. 2003. *The International Handbook on Innovation*. Elsevier.
- Silverthorne, Colin, and Ting-Hsin Wang. 2001. "Situational Leadership Style as a Predictor of Success and Productivity Among Taiwanese Business Organizations." *The Journal of Psychology* 135(4):399–412. doi: 10.1080/00223980109603707.
- SOHOKON, O., O. DONETS, V. FAZAN, and O. SHERSTIUK. 2023. "INNOVATIVE APPROACHES OF NATURAL SCIENTIFIC TRAINING OF FUTURE TEACHERS OF PHYSICAL EDUCATION." *Pedagogical Sciences* 87–91. doi: 10.33989/2524-2474.2023.82.295106.
- Solomon, Biniyam. 2022. "The Effect of Transformational Leadership Style on Employees' Innovative Work Behavior with Reference to Kifiya Financial Technology." Addis Ababa University.
- Stone, A. Gregory, and Kathleen Patterson. 2023. "The History of Leadership Focus." Pp. 689–715 in *The Palgrave Handbook of Servant Leadership*, edited by G. E. Roberts. Cham: Springer International Publishing.
- Thuan, Le Cong. 2020. "Motivating Follower Creativity by Offering Intellectual Stimulation." *International Journal of Organizational Analysis* 28(4):817–29. doi: 10.1108/IJOA-06-2019-1799.
- Weiskittel, P. 1999. "The Concept of Leadership." *ANNA Journal* 26(5):467, 536.
- Yukl, Gary, and Richard Lepsinger. 2004. *Flexible Leadership: Creating Value by Balancing Multiple Challenges and Choices*. John Wiley & Sons.
- Zhang, Xu. n.d. "Transformational Leadership Styles and Innovative Behavior of Teachers: Towards A Proposed Intervention Program."

## ANNEX 1

Debre Birhan University

College of Post-Graduate

### **Survey Questionnaire for the Master's Thesis on:**

The Effect of Transformation Leadership Style on Employee's Innovative Work Behavior in the Case of East Africa Bottling Share Company, Addis Ababa Branch

Dear Respondents,

Your participation in this research study is greatly appreciated. As part of my master's degree program in Business Administration, I am conducting a study to explore the relationship between transformational leadership style and employees' innovative work behavior within EABSC.

The purpose of this questionnaire is to collect valuable insights from employees like you to understand how transformational leadership practices influence innovative work behavior in the workplace. Your responses will be used exclusively for academic purposes and will remain confidential.

Your honest and thoughtful input is crucial for the success of this study. By sharing your experiences and perceptions, you will contribute to advancing knowledge in the fields of business administration and organizational behavior.

Please take a few moments to complete the questionnaire provided below. Your participation will be instrumental in shaping the findings and recommendations of this study.

Thank you for your time and cooperation.

Bisrat Demere

+251913736308



## Section A. Personal Information

1) Sex

Male

Female

2) Age

18 – 25

26 – 35

36 – 45

46 – 55

Above 55

3) Highest Level of Education Attained

High School complete

College Diploma or equivalent

Undergraduate Degree

Postgraduate Degree

Doctorate and above

Other (Please Specify):

---

4) Your Current Position

High Level (Senior Management)

Medium level (Unit Head/ Manager)

Lower level (Coordinators & below)

5) Years of Service in this Company

Less than 6 months

6 months - 2 Years

3 – 4

5 – 7

8 – 10

More than 10 Years

## Section B. Management and employee opinion measurements

This questionnaire is designed to help you to describe your company's leadership style as you perceive it. It is based on your degree of agreement as rated from 1 to 5 from strong disagreement to strong agreement. Accordingly, please rate on a scale of 1 to 5, with 1 = Never; 2 = Rarely; 3 = Sometimes; 4 = Often; and 5 = Always, and please mark with a tick "√" sign in the corresponding cell provided.

Transformation Leadership						
S. No	Questions	Scale				
		1	2	3	4	5
<b>Idealized Influence</b>						
1.	Does your manager demonstrate behaviors that inspire admiration and respect?					
2.	Does your manager exhibit qualities that make you proud to be associated with them?					
3.	Does your manager implant confidence and trust in their leadership abilities?					
<b>Inspirational Motivation</b>						
4.	Does your manager encourage you to contribute ideas and suggestions for improving the organization?					
5.	Do you feel motivated by your manager's vision and goals for the team?					
6.	Does your manager involve you in decision-making processes that affect your work?					
<b>Intellectual Stimulation</b>						

7.	Does your manager challenge you to explore new perspectives and ideas?					
8.	Does your manager promote a culture of innovation and experimentation within the team?					
9.	Does your manager provide opportunities for you to develop new skills and knowledge?					
Individualized Consideration						
10.	Does your manager listen actively to your concerns and suggestions?					
11.	Does your manager recognize and appreciate your contributions to the team?					
12.	Does your manager demonstrate fairness and equity in their interactions with team members?					

Innovative work behavior						
S. No	Questions	Scale				
		1	2	3	4	5
1.	Are you encouraged to explore out-of-the-box solutions to work-related challenges?					
2.	Are you willing to take risks in proposing innovative ideas or solutions?					
3.	Do you actively seek feedback from others to refine and improve your innovative ideas?					
4.	Are you involved in generating ideas for new projects or initiatives?					
5.	Do you typically approach the process of generating new ideas?					
6.	Are you encouraged to share your innovative ideas with colleagues or supervisors?					
7.	Have you ever taken the lead in promoting a new idea?					
8.	Are you willing to invest time and effort into championing innovative projects or initiatives?					
9.	How successful have you been in gaining support for innovative ideas that you championed in the past?					
10.	Are you involved in implementing new initiatives or projects within your organization?					
11.	Are you supported and resources provided during the implementation of innovative projects?					
12.	Have you been recognized or rewarded for your contributions to successfully implementing innovative ideas in the past?					

Any comments

---

---

## ANNEX 2

### Structured Interview Questions for senior managers

#### General information/Background information

1. What is your position?
2. How long have you been serving EABSC?
3. What style of leadership does your company follow?

#### Effects of Transformational Leadership on Employee's Innovation

1. How do you explain transformational leadership in your own words?
2. Do you think transformational leadership has an impact on organizational innovation at EABSC?
3. What are the observed effects of transformational leadership on employees' innovative work behavior at your branch?
4. Has there been any internal study conducted on the relationship or effect of transformational leadership and organizational innovation at EABSC?
5. What potential challenges have you faced in practicing transformational leadership?
6. What do you believe are the main causes of these challenges in implementing transformational leadership at EABSC?

### ANNEX 3

*Table A Individual Coefficient Alpha Values*

	Cronbach's Alpha	Strength of Association
II1	.898	Good (low-stakes testing)
II2	.931	Excellent (high-stakes testing)
II3	.898	Good (low-stakes testing)
IM4	.897	Good (low-stakes testing)
IM5	.930	Excellent (high-stakes testing)
IM6	.897	Good (low-stakes testing)
IS7	.789	Good (low-stakes testing)
IS8	.929	Excellent (high-stakes testing)
IS9	.839	Good (low-stakes testing)
IC10	.927	Excellent (high-stakes testing)
IC11	.900	Excellent (high-stakes testing)
IC12	.934	Excellent (high-stakes testing)
IWB1	.757	Good (low-stakes testing)
IWB2	.898	Good (low-stakes testing)
IWB3	.869	Good (low-stakes testing)
IWB4	.949	Excellent (high-stakes testing)
IWB5	.898	Good (low-stakes testing)
IWB6	.924	Excellent (high-stakes testing)
IWB7	.900	Excellent (high-stakes testing)
IWB8	.897	Good (low-stakes testing)
IWB9	.798	Good (low-stakes testing)
IWB10	.898	Good (low-stakes testing)
IWB11	.788	Good (low-stakes testing)
IWB12	.959	Excellent (high-stakes testing)

Source: Survey 2024

## ANNEX 4

*Table B Result of editing the data and coding*

Variable	Variable Code	Questionnaire Statement
	Sex	Gender of respondent
	Age	Age of respondent
Demographic	Edu_Lvl	Highest Level of Education Attained
	Work_Exp	Work Experience (service year) of respondent
	Org_Role	Organizational role (current position) of respondent
	II1	Does your manager demonstrate behaviors that inspire admiration and respect?
Idealized Influence	II2	Does your manager exhibit qualities that make you proud to be associated with them?
	II3	Does your manager instill confidence and trust in their leadership abilities?
	IM4	Does your manager demonstrate behaviors that inspire admiration and respect?
Inspirational Motivation	IM5	Does your manager exhibit qualities that make you proud to be associated with them?
	IM6	Does your manager instill confidence and trust in their leadership abilities?
Intellectual Stimulation	IS7	Does your manager challenge you to explore new perspectives and ideas?



IS8 Does your manager promote a culture of innovation and experimentation within the team?

IS9 Does your manager provide opportunities for you to develop new skills and knowledge?

---

IC10 Does your manager listen actively to your concerns and suggestions?

Individualized  
Consideration

IC11 Does your manager recognize and appreciate your contributions to the team?

IC12 Does your manager demonstrate fairness and equity in their interactions with team members?

---

---

IWB1 Are you encouraged to explore out-of-the-box solutions to work-related challenges?

IWB2 Are you willing to take risks in proposing innovative ideas or solutions?

Innovative  
Work  
Behavior

IWB3 Do you actively seek feedback from others to refine and improve your innovative ideas?

IWB4 Are you involved in generating ideas for new projects or initiatives?

IWB5 Do you typically approach the process of generating new ideas?

IWB6 Are you encouraged to share your innovative ideas with colleagues or supervisors?

IWB7 Have you ever taken the lead in promoting a new idea?

---

- 
- IWB8 Are you willing to invest time and effort into championing innovative projects or initiatives?
- IWB9 How successful have you been in gaining support for innovative ideas that you championed in the past?
- IWB10 Are you involved in implementing new initiatives or projects within your organization?
- IWB11 Are you supported and resources provided during the implementation of innovative projects?
- IWB12 Have you been recognized or rewarded for your contributions to successfully implementing innovative ideas in the past?
- 

*Source: Survey 2024*

**The Effect of Transformational Leadership Style on Employees  
Innovative Work Behavior in the Case of East Africa Bottling Share  
Company, Addis Ababa Branch**

Submitted by:

Bisrat Demere

Name of Student



Signature

July 9<sup>th</sup> / 2024G.C

Date

Approved by:

**Dr. S. Radhakrishnan**

Major Advisor

\_\_\_\_\_

Chairman

\_\_\_\_\_

College Dean,

Signature

\_\_\_\_\_

Signature

\_\_\_\_\_

Signature

July 9<sup>th</sup>/2024

Date

\_\_\_\_\_

Date

\_\_\_\_\_

Date