

Relationship between leadership style and employee engagement



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Introduction

Organizational effectiveness is essential in today's fast growing organizations where competitiveness is the main feature of the contemporary business. Leadership is the main determinant of organizational effectiveness and is the major identifier of an engaged workforce. The most common leadership style is the Traditional leadership style which is administered in almost all companies of the Petroleum Sector in Egypt with its public companies, joint companies and even part of the investment companies, a leadership style enforcing the concepts of power and authority. The traditional leadership style aims to keep things the same and doesn't promote the engagement of the employees that is not part of their job descriptions and emerges as a result of personal choices.

The leadership style applied in the petroleum companies needs to evolve from the traditional approach. It needs to apply leadership styles where the leader is capable of transforming and developing his employees' behaviors and benefiting from their efforts would achieve positive contribution to overall organizational effectiveness. This should be through adopting an attitude that supports and enhances motivation and performance of his followers allowing them to exceed their own expectations optimizing their performance to achieve such effectiveness.

In some cases, transactional leadership is administered where the leader promotes compliance of his followers through both rewards and punishments and is not looking to change the future. This type of leadership focuses on getting the work done by their followers. Transactional leadership works

within the organization culture through management by exception to maintain status quo and stress corrective actions to improve performance.

Whereas, the transformational leadership changes the organization culture through its behaviors where the leader affects the followers' sense of identity and motivation aiming to achieve performance beyond expectations and employee engagement hence contributing to the main objective which is the organizational effectiveness. Leadership style is a strategic tool that needs to be practiced on a large span to assure employee engagement in order to comply with the surrounding dynamic environment.

Statement of Research Problem

The leadership style administered in the Egyptian petroleum companies is a traditional one enforcing the concepts of power and authority. This traditional style doesn't promote the engagement attitudes of the employees that are not part of their job descriptions that emerge as a result of personal choices. The leadership behaviors need to evolve to support the behaviors of leaders who are capable of transforming and developing their employees' behaviors and benefiting from their efforts would achieve positive contribution to overall organizational effectiveness.

Thus, the problem of this study can be stated in the following statement:

What is the relationship between the leadership style and employee engagement?

Research Objectives

The main research objective is to investigate the leadership behaviors that are able to develop employees' engagement by:

Analyzing the reality of petroleum companies (area of the study) regarding the leadership style used in these companies and whether it has a relationship with employee engagement or not.

Using the appropriate behavioral methods to acquire and maintain employees' engagement.

Providing some recommendations to the responsible people in the petroleum companies regarding what should be done to enhance the relationship between the employees and their supervisors or leaders that would be guiding for future studies on the effect of leadership behaviors both transactional and transformational on employee engagement.

Research Importance

The academic importance:

This research will be an addition to the academic research because there is scarcity in the research topic, transactional and transformational leadership, and dealing with these leadership styles in the petroleum companies.

The empirical importance:

The empirical importance of this research lies in providing the petroleum companies with the results and the recommendations of the research that can be implemented for maintaining employee engagement aiming to achieve organizational effectiveness.

Conclusion

Transactional and transformational leadership are considered contrasting leadership styles even though the leader may use both styles of leadership at different times and different situations. Transactional leadership is an exchange process where the leader exchanges rewards for efforts of the subordinates or followers and this in turn allows the leader to punish the subordinates or followers if the task is not accomplished. Whereas transformational leader encourages his followers to make decision, he empowers them and allows them to grow on the individual basis and also among teams by coaching and mentoring them.

Transformational leadership and the reward approach of the transactional leadership have a positive influence on employee behaviors, emotions and performance. They have a positive impact on organizational teams, organizational commitment, effectiveness and employees satisfaction in addition citizenship behaviors.

For organizations to survive in the rapid competing world, they have to maintain an engaged workforce. Employee engagement will result in high levels of performance and low levels of turnover in organizations. Employee engagement eliminates job stress and is strategic tool leading to job satisfaction, organizational commitment, less turnover and organizational citizenship behaviors.

As the literature review shows that the study variables have been covered in many industries and countries around the world, yet it hasn't been given

much consideration in the Arab world. This is why the researcher finds that it is a must to conduct this study in the petroleum sector where she works.

Research Variables and Operationalization

1. Research Variables:

- Independent Variables
- Transformational Leadership
- Transactional Leadership
- Dependent Variables
- Employee Engagement

2. Variables Operationalization

Independent Variables

The leadership styles in this study: transformational and transactional leadership, are evident but don't replace each other as processes, and the same leader may use both types of leadership at different times in different situations. (Yukl 1998)

The researcher chooses two of the leadership style for this study as follows:

Transformational Leadership: attempts to create emotional links with its followers and inspires higher values (Bass, 1999). Transformational leadership meets the higher order needs of employees (Yusof and Shah, 2008).

Also, transformational leadership refers to the leader motivating the follower beyond self-interests. It raises the follower's level of maturity and ideals for

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achievement and the well-being of others, the organization and the society (Hakan 2008).

Transactional Leadership: places an emphasis on exchanging rewards for accomplishment (Burton and Peachey, 2009)

Transactional leadership focuses mainly on the physical and the security needs of followers. The relationship that evolves between the leader and the follower is based on exchange and reward systems (Bass and Avolio, 1993).

Dependent Variable

Employee Engagement is the ‘ benefiting of organizational members themselves to their work roles; in engagement, people employ and express themselves physically, perceptually and emotionally during role performances” (Kahn, 1990)

Employee engagement refers to the ” individual’s involvement and satisfaction as well as enthusiasm for work” (Harter et al., 2002).

Proposed Research Model

Independent Dependent

Employee Engagement

Transactional Leadership

Transformational Leadership

Research Hypotheses

Based on the previous model, we can develop the following hypotheses that try to express the relationship between study variables:

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H1 There is a strong positive significant relationship between transactional leadership and employee engagement.

H2 There is a strong positive significant relationship between transformational leadership and employee engagement.

Source of Research Data (Sample)

Primary data

The researcher collected the primary data from the research sample of 236 employees working in Suez Oil Company by using 30 items questionnaire.

Secondary data

Secondary data is collected from organizational records from the HR department in the company.

Research Variables Instruments

In this study, the researcher conducted the questionnaire based on two main research instruments:

Multifactor Leadership Questionnaire

Transactional and transformational leadership was measured using 20 items from the Multifactor Leadership Questionnaire (MLQ 5X rater form) on a Likert 5 point scale.

The components of leadership dimensions derived from the MLQ 5X rater form questionnaire

- Transactional
- Transformational

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- Utrecht Work Engagement Scale

Employee engagement was measured using 10 items from Utrecht Work Engagement Scale (UWES) on a Likert 5 point scale.

Research Population and Sample

Population

The population of present study is 1200 employees of Suez Oil Company, a petroleum company in the Egyptian petroleum sector.

Sample

The present study sample is a stratified random sample of 300 employees from all departments and job levels in the company.

Statistical Methods/Techniques used in Data Analysis

- Cronbach's Alpha
- Split-half
- T-Test
- ANOVA
- Scheffe Test
- Correlations
- Regression " Stepwise"

Research Results and Findings

Validity and Reliability

Questionnaire Validity:

It means the ability of the questionnaire to measure what it is set for.

Reliability of internal consistency:

Calculation of correlation coefficients between each axis component phrases and questionnaire axis total marks.

Calculation of correlation coefficients between questionnaire axis total marks and questionnaire total mark.

First Axis: Transformational Leadership:

Validity was calculated by using internal consistency through calculating the correlation coefficient (Person Correlation Coefficient) between each phrase mark and the axis mark (transactional leadership). The same is shown in the following table below:

It is evident from the table that all correlation coefficients are indicating significance at (0.05 - 0.01) that shows it is close to one which means that questionnaire phrases are valid and consistent.

Second Axis: Transformational Leadership:

Validity was calculated by using internal consistency through using correlation coefficient (Person Correlation Coefficient) between each phrase mark and the axis mark (Transformational Leadership). The same is shown in the following table below:

It is evident from the table that correlation coefficients are significant at (0.05-0.01), thus indicating validity and consistency of the questionnaire phrases.

Third Axis: Employee Engagement:

Reliability was calculated by using the internal consistency through calculating the correlation coefficient (Person correlation coefficient) between each phrase mark and the axis mark (Employee Engagement).

The following table shows the same below.

It is evident from the table that correlation coefficients are all indicating significance at (0.05-0.01) which shows it is close to one, thus indicating validity and consistency of the questionnaire phrases.

Validity by using internal consistency between axis total mark and questionnaire total mark

Validity was calculated by using the internal consistency through calculating the correlation coefficient (Person Correlation Coefficient) between each axis total mark (transactional leadership-transformational leadership-employee engagement) and questionnaire total mark, the following table shows the same below:

Employee Engagement

It is evident from the table that correlation coefficients are all indicating significance at (0.01), thus indicating validity and consistency of the questionnaire phrases.

Reliability:

Reliability means accuracy of the test in measurement and observation, non-contradiction to oneself, its consistency and elaboration, thus providing us of

information about the examined person behavior, and it is the ratio between the mark variance on the scale indicating the virtual performance of the examined person. Reliability was calculated through:

- Cronbach's Alpha
- Split-half

Reliability of the whole questionnaire

It is evident from the above table that all reliability coefficients values: Alpha and Split-half coefficients are indicating significance at (0. 01) thus indicating the questionnaire reliability.

Description of the Study

A comprehensive description of the study sample is shown in the following tables (from 6 to 9) and charts (from 1to 4), as follows:

1 – Gender:

Table (6) and chart (1) show distribution of the research sample according to the gender.

Distribution of the research sample according to the gender

133 research sample individuals are male at the percentage of 56. 4%, whereas 103 research sample individuals are female at the percentage of 43. 6%.

2 – Education:

Table (7) and chart (2) show distribution of the research sample according to the education.

Distribution of the research sample according to the education

126 individuals of the research sample are university degrees holders at the percentage of 53.4% followed by 71 individuals of research sample are high school certificates or less holders at the percentage of 30.1%, and the last 39 individuals of the research sample are postgraduates at the percentage of 16.1%.

3 – Age:

Table (8) and chart (3) show distribution of the research sample according to age.

Distribution of the research sample according to age

74 individuals of the research sample whose ages ranging between 30 and 39 years at 31.4%, followed by 68 individuals whose ages ranging between 40 and 49 years at 28.8%, followed by 52 individuals whose ages were below 30 years at 22% and coming last 42 individuals aged 50 years and above at 17.8%.

4 – Years of experience:

Table (9) and chart (4) show distribution of the research sample according to years of experience.

Distribution of the research sample according to years of experience

78 individuals of the research sample whose number of years of experience ranging between 11 to 16 years at 33.1% , followed by 63 individuals whose number of years of experience was above 16 years at 26.6% , followed by 54 individuals whose number of years of experience ranging between 5 and

10 years at 22.9%, and the last 41 individuals with less than 5 years of experience at 17.4%.

Description of Questionnaire answers

Below is a detailed discussion (in figures and percentages) of sample individuals' answers of the phrases in the questionnaire:

Transactional Leadership

1 – Provides assistance in exchange for effort:

It is evident from the table that 55 individuals of research sample strongly agreed at 23.3%, whereas 110 individuals of research sample agreed at 46.6%, and 43 individuals of research sample were neutral at 18.2%, however, 28 individuals of research sample disagreed at 11.9%.

2 – Very clear on the reward if goals are achieved:

It is evident from the table that 115 individuals of research sample strongly agreed at 48.7%, whereas 78 individuals of research sample agreed at 33.1%, and 32 individuals of research sample were neutral at 13.6%, however, 11 individuals of research sample disagreed at 4.7%.

3 – Express satisfaction when expectations are met:

It is evident from the table that 65 individuals of research sample strongly agreed at 27.5%, whereas 132 individuals of research sample agreed at 55.9% and 39 individuals of research sample were neutral at 16.5%.

4 – Concentrate attention on dealing with mistakes, complaints and failures:

It is evident from the table that 69 individuals of research sample strongly agreed at 29.2%, whereas 101 individuals of research sample agreed at 42.8%, and 31 individuals of research sample were neutral at 13.1%, however, 25 individuals of research sample disagreed at 10.6% and finally 10 individuals of research sample strongly disagreed at 4.2%.

5 - Keep track of mistakes:

It is evident from the table that 54 individuals of research sample strongly agreed at 22.9%, whereas 85 individuals of research sample agreed at 36% and 41 individuals of research sample were neutral at 17.4%, yet, 34 individuals of research sample disagreed at 14.4%, and finally 22 individuals of research sample strongly disagreed at 9.3%.

6 - Takes corrective action on mistakes:

It is evident from the table that 105 individuals of research sample strongly agreed at 44.5%, whereas 80 individuals of research sample agreed at 33.9% and individuals of research sample were neutral at 16.1%, however, 13 individuals of research sample disagreed at 5.5%.

7 - Fails to interfere when problems become serious:

It is evident from the table that 12 individuals of research sample strongly agreed at 5.1%, whereas 43 individuals of research sample agreed at 18.2% and 37 individuals of research sample were neutral at 15.7%, yet, 63 individuals of research sample disagreed at 26.7%, and finally 81 individuals of research sample strongly disagreed at 34.3%.

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8 – If it isn't broken don't fix it:

It is evident from the table that 34 individuals of research sample strongly agreed at 15.3%, whereas 87 individuals of research sample agreed at 36.9% and 44 individuals of research sample were neutral at 18.6%, yet, 60 individuals of research sample disagreed at 25.4%, and finally 9 individuals of research sample strongly disagreed at 3.8%.

9 – Waits for things to go wrong before taking action:

It is evident from the table that 16 individuals of research sample strongly agreed at 6.8%, whereas 65 individuals of research sample agreed at 27.5% and 34 individuals of research sample were neutral at 14.4%, yet, 72 individuals of research sample disagreed at 30.5%, and finally 49 individuals of research sample strongly disagreed at 20.8%.

Transformational Leadership

10 – Goes beyond self-interest for the good of others:

It is evident from the table that 43 individuals of research sample strongly agreed at 18.2%, whereas 129 individuals of research sample agreed at 54.7% and 33 individuals of research sample were neutral at 13.9%, yet, 17 individuals of research sample disagreed at 7.2%, and finally 14 individuals of research sample strongly disagreed at 5.9%.

11 – Admired, respected and trusted:

It is evident from the table that 122 individuals of research sample strongly agreed at 51.7%, whereas 73 individuals of research sample agreed at 30.9% and 41 individuals of research sample were neutral at 17.4%.

12 – Display sense of power and confidence, willing to take risk:

It is evident from the table that 45 individuals of research sample strongly agreed at 19.1%, whereas 64 individuals of research sample agreed at 27.1% and 81 individuals of research sample were neutral at 34.3%, yet, 11 individuals of research sample disagreed at 4.7%, and finally 35 individuals of research sample strongly disagreed at 14.8%.

13 – Talks about values and beliefs:

It is evident from the table that 101 individuals of research sample strongly agreed at 42.8%, whereas 74 individuals of research sample agreed at 31.4% and 40 individuals of research sample were neutral at 16.9%, yet, 21 individuals of research sample disagreed at 8.9%.

14 – Talks optimistically about the future:

It is evident from the table that 100 individuals of research sample strongly agreed at 42.4%, whereas 81 individuals of research sample agreed at 34.4% and 55 individuals of research sample were neutral at 23.3%.

15 – Motivate and inspire people around:

It is evident from the table that 99 individuals of research sample strongly agreed at 41.9%, whereas 106 individuals of research sample agreed at 44.

9% and 21 individuals of research sample were neutral at 18.9%, yet, 10 individuals of research sample disagreed at 4.2%

16 – No public criticism:

It is evident from the table that 52 individuals of research sample strongly agreed at 22%, whereas 71 individuals of research sample agreed at 30.1% and 44 individuals of research sample were neutral at 18.6%, yet, 39 individuals of research sample disagreed at 16.5%, and finally 30 individuals of research sample strongly disagreed at 12.7%.

17 – Spends time coaching, mentoring and teaching:

It is evident from the table that 98 individuals of research sample strongly agreed at 41.5%, whereas 46 individuals of research sample agreed at 19.5% and 42 individuals of research sample were neutral at 17.8%, yet, 31 individuals of research sample disagreed at 13.1%, and finally 19 individuals of research sample strongly disagreed at 8.1%.

18 – Considers every employee as having different needs, aspiration and abilities:

It is evident from the table that 84 individuals of research sample strongly agreed at 35.6%, whereas 64 individuals of research sample agreed at 27.1% and 52 individuals of research sample were neutral at 22%, yet, 23 individuals of research sample disagreed at 9.7%, and finally 13 individuals of research sample strongly disagreed at 5.5%.

19 – Develops employees into Leaders:

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It is evident from the table that 83 individuals of research sample strongly agreed at 35.2%, whereas 99 individuals of research sample agreed at 41.9% and 38 individuals of research sample were neutral at 16.1%, yet, 16 individuals of research sample disagreed at 6.8%

20 – Interaction with employees are personalized:

It is evident from the table that 64 individuals of research sample strongly agreed at 27.1%, whereas 70 individuals of research sample agreed at 29.7% and 57 individuals of research sample were neutral at 24.2%, yet, 36 individuals of research sample disagreed at 15.3%, and finally 9 individuals of research sample strongly disagreed at 3.8%.

Employee Engagement

1 – At my work, I feel bursting with energy:

It is evident from the table that 69 individuals of research sample strongly agreed at 29.2%, whereas 101 individuals of research sample agreed at 42.8% and 49 individuals of research sample were neutral at 20.8%, yet, 17 individuals of research sample disagreed at 7.2%.

2 – I find the work that I do full of meaning and purpose:

It is evident from the table that 71 individuals of research sample strongly agreed at 30.1%, whereas 82 individuals of research sample agreed at 34.7% and 46 individuals of research sample were neutral at 19.5%, yet, 29 individuals of research sample disagreed at 12.3%, and finally 8 individuals of research sample strongly disagreed at 3.4%.

3 – Time flies when I'm working:

It is evident from the table that 88 individuals of research sample strongly agreed at 37.3%, whereas 73 individuals of research sample agreed at 30.9% and 22 individuals of research sample were neutral at 9.3%, yet, 39 individuals of research sample disagreed at 16.5%, and finally 14 individuals of research sample strongly disagreed at 5.9%.

4 – When I am working, I forget everything else around me:

It is evident from the table that 67 individuals of research sample strongly agreed at 28.4%, whereas 108 individuals of research sample agreed at 45.8% and 37 individuals of research sample were neutral at 15.7%, yet, 24 individuals of research sample disagreed at 10.2%.

5 – My job inspires me:

It is evident from the table that 58 individuals of research sample strongly agreed at 24.6%, whereas 93 individuals of research sample agreed at 39.4% and 39 individuals of research sample were neutral at 16.5%, yet, 30 individuals of research sample disagreed at 12.7%, and finally 16 individuals of research sample strongly disagreed at 6.8%.

6 – When I get up in the morning, I feel like going to work:

It is evident from the table that 81 individuals of research sample strongly agreed at 34.3%, whereas 84 individuals of research sample agreed at 35.6% and 41 individuals of research sample were neutral at 17.4%, yet, 21

individuals of research sample disagreed at 8.9%, and finally 9 individuals of research sample strongly disagreed at 3.8%.

7 – I am proud of the work that I do:

It is evident from the table that 82 individuals of research sample strongly agreed at 34.7%, whereas 94 individuals of research sample agreed at 39.8% and 60 individuals of research sample were neutral at 25.4%.

8 – I can continue working for very long periods at a time:

It is evident from the table that 64 individuals of research sample strongly agreed at 27.1%, whereas 86 individuals of research sample agreed at 36.4% and 43 individuals of research sample were neutral at 18.2%, yet, 25 individuals of research sample disagreed at 10.6%, and finally 18 individuals of research sample strongly disagreed at 7.6%.

9 – To me, my job is challenging:

It is evident from the table that 100 individuals of research sample strongly agreed at 42.4%, whereas 79 individuals of research sample agreed at 33.5% and 34 individuals of research sample were neutral at 14.4%, yet, 13 individuals of research sample disagreed at 5.5%, and finally 10 individuals of research sample strongly disagreed at 4.2%.

10 – I get carried away when I'm working:

It is evident from the table that 83 individuals of research sample strongly agreed at 35.2%, whereas 103 individuals of research sample agreed at 43.6% and 50 individuals of research sample were neutral at 21.2%.

Hypotheses Testing

There is a correlation between “transactional leadership” and “employee engagement” and a correlation between “transformational leadership” and “employee engagement”

To test the developed hypotheses, a Pearson correlation method is used for figuring out the relationship between the study variables. The obtained results can be shown in the following table:

Table (10) correlation matrix among “transactional leadership”, “transformational leadership” and “employee engagement”

Employee Engagement

0.831**

Transactional Leadership

0.924**

Transformational Leadership

** $p = \hat{\alpha} 0.01$

Table (10) shows a positive correlation among “transactional leadership”, “transformational leadership” and “employee engagement” at significance of (0.01) function. In other words, the better the transactional leadership perception is the better the “employee engagement” which supports H1 and <https://assignbuster.com/relationship-between-leadership-style-and-employee-engagement/>

the better the “ transformational leadership” perception is the better the “ employee engagement” which supports H2.

Demographic Analysis

Transactional Leadership and Demographics:

There are differences of statistical indication between the sample individuals' marks average in transactional leadership according to the study demographics.

T-Test was applied and the sample individuals' marks were calculated by ANOVA in the transactional leadership, the following tables show the same below:

Chart (5) differences in the sample individuals' marks average in transactional leadership according to the gender

Table (11) and Chart (5) show that T value was (20. 931), it is a value statistically indicating significance at (0. 01) in favor of females, as females' marks average was (39. 019) , whereas males' marks average was (21. 451), that means that females consider transactional leadership better than males.

Total

Table (12) shows that F value was (31. 402) which is a statistically indicating significance at (0. 01), that means that there are differences among the sample individuals in transactional leadership according to education. To verify the direction of the indication, Scheffe Test was applied for multiple comparisons. The following table shows the same below:

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Table (13) and chart (6) show no differences in transactional leadership between post graduate studies holders and university degree holders, whereas there are differences between post graduate studies holders and high school certificate or less holders in favor of post graduate studies holders significant at (0. 01). There are also differences between university degree holders and high school certificate or less holders in favor of university degree holders significant at (0. 01), whereas the average of marks of post graduate studies holders and university degree holders was (35. 205) and (34. 515) respectively, followed by high school certificate or less holders sample individuals at the average of (16. 197) , post graduate studies holders and university degree holders came first as they had better perception of transactional leadership , while high school certificate or less holders came second.

It is evident from table (14) that the value of T was (39. 670) , it is a value indicating statistically significant at (0. 01), thus indicating the differences among sample individuals according to age. To define the function direction, Scheffe Test was applied for multiple comparisons . The following table shows the same below.

Chart (7) differences of sample marks in transactional leadership according to age

Table (15) and chart (7) show that there are differences in transactional leadership between sample individuals aged 50 years and above and sample individuals aged 40-49 years , 30-39 years and those below 30 years in favor of the sample individuals aged 50 years and above with significance at (0. 01), whereas there are differences between sample individuals aged 40-49

and sample individuals aged 30-39 in favor of sample individuals aged 40-49 years with significance at (0. 05), whereas there are differences between sample individuals aged 40-49 and sample individuals aged below 30 years in favor of the first with significance at (0. 01), whereas there are differences between sample individuals aged 30-39 years and sample individuals aged below 30 years in favor of the first with significance at (0. 01).

The average marks of the sample individuals aged 50 years and above were (42. 000), followed by the sample individuals aged 40-49 at the average of (32. 441) , followed by sample individuals aged 30-39 at the average of (29. 540) , and sample individuals aged below 30 years at the