# EFFECTS OF LEADERSHIP STYLES ON EMPLOYEE PERFORMANCE IN PRIVATE ORGANIZATIONS: A CASE STUDY OF SBC TANZANIA LIMITED (PEPSI) DAR ES SALAAM

#### **ALLY ULEDI ALLY**

# A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMAN RESOURCES MANAGEMENT DEPARTMENT OF LEADERSHIP AND GOVERNANCE THE OPEN UNIVERSITY OF TANZANIA

#### **CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: "Effects of Leadership Styles on Employee Performance in Private Organizations; A Case Study of Sbc Tanzania Limited (Pepsi) Dar es Salaam" in partial fulfillment of the requirements of the Degree of Master of Human Resource Management (MHRM) of the Open University of Tanzania.

.....

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.....

Date

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#### **DECLARATION**

I, **Uledi Ally Uledi,** declare that, the work presented in this dissertation is original. It has never been presented to any other university or institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is hereby presented in partial fulfillment of the requirement for the Degree of Master of Human Resource Management (MHRM).

Signature

Date

# **DEDICATION**

It is with genuine gratitude and warm regard that I dedicate this work to the family of Mr. Kamsambo, my beloved wife Farida Mkumba and my son Naifaty Kamsambo.

#### **ACKNOWLEDGEMENT**

First of all, I thank the almighty God for making it possible to undertake this research work. Second, I would like to express my sincere thanks to my supervisor Dr Chacha Matoka for the guidance and encouragement throughout the project. Third I would like to acknowledge support from Mr. Kamsambo and the whole family for moral, time and financial support while pertaining this research project. Also deep thanks should go to my fellow students, Mariam, Lupondije and Johnson for their mutual interaction, constructive criticism and support. Fourth and last my appreciation should go to my employer TPDF for allowing me to undertake this kind of study and financial support.

#### **ABSTRACT**

The study sought to examine how different leadership styles affected employee performance at SBC Pepsi Tanzania. The study was guided by four specific objectives; to determine the effects of transformational leadership on employee performance at Pepsi, to evaluate the effect of transactional leadership on employee's performance at Pepsi, to assess the effect of laissez-faire leadership style on employee performance at Pepsi and to determine the effect of autocratic leadership on employee performance Pepsi. Simple random sampling was used. Data were using collected semi structured questionnaire from 95 Respondents who were conveniently sampled. Data were analyzed using descriptive statistics, correlation and regression analysis. It was found that employee performance shown to be strongly and positively related with transformational leadership, employee performance was somewhat substantially and positively connected with transactional leadership, employee performance was found to be substantially connected with Laizes faire and lastly autocratic leadership style was found to have a low significant and positive correlation with employee performance. The study recommends that Supervisors should be aware of their followers' beliefs. Supervisors, on the other hand, should set clear expectations for their subordinates and set goals and criteria for them to meet. Employees should be involved in decision-making, and leadership development, training, and teamwork facilitation should be provided by SBC Pepsi.

**Keywords**: Transformational leadership style, Transactional leadership style, Laissez affaire leadership style, Autocratic leadership style and Employee performance

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# LIST OF ABBREAVITIONS AND ACRONMYS

AUTO Autocratic Leadership and

EP Employees Performance

LSZF Liaises faire Leadership

TRANS Transactional Leadership

TRANSF Transformational Leadership

#### **CHAPTER ONE**

#### INTRODUCTION

#### 1.1 Overview

This chapter establishes the context for the research. It gives background information that emphasizes the problem's historical context. It also outlines the problem statement, the study's objectives, the study's importance, the study's constraints, and the study's organization.

### 1.2 Background to the Research Problem

Thousands of people are selected or chosen to assume leadership roles and responsibilities in today's culture. To mention a few, leadership is required in schools, universities, factories, farms, businesses, clinics, and hospitals, as well as civic and military institutions and public life. These leaders should work to ensure that society is united, harmonious, strong, prosperous, and happy.

In today's volatile business environment, many organizations have been forced to stay on their toes in order to survive. The leadership offered by managers, who are supposed to influence others in accomplishing company goals while also improving employee performance, is the driving force behind such strategic initiatives to stay ahead of the competition. "The main drivers of organizations are usually employees," Shafie et al. (2013) explain the importance of leadership in organizations, particularly on humans, who appear to be the most valuable asset of any firm; "The main drivers of organizations are usually employees, they give life to the organizations and provide goals" (Shafie et al., 2013). It is vital to provide employees with direction and

psychological fulfillment in order to get the best out of them. Leaders are the only ones who can provide this guidance. To be sure, leadership is necessary for all firms to fulfill their goals. "Leadership is a critical role in enhancing the performance of many, if not all, organizations, and the success or failure of an organization is determined by the effectiveness of leadership at all levels," write Paracha et al., "because leadership is a critical role in enhancing the performance of many, if not all, organizations, and the success or failure of an organization is determined by the effectiveness of leadership at all levels" (2012). Perhaps the most frequently researched organizational component with a possible impact on employee performance is leadership (Cummings and Schwab, 1973). "It's a critical issue in every organization because the leaders' decisions can influence whether or not the company thrives." Notably, it is widely known that effective organizations require effective leadership, and according to Fiedler and House, both employee and organizational performance decrease in direct proportion to this (1988).

Furthermore, it is widely acknowledged that the quality of a group's leadership has a significant impact on its success; great leader behavior makes it easier for followers to achieve their goals, which leads to effective performance (Fiedler & House, 1988; Maritz, 1995; Ristow, et al., 1999).

The impact of leadership styles on employee performance has been studied in a number of researches. Rasool et al. (2015), Pradeep and Prabhu (2011), Aboshaqah et al. (2015), Ipas (2012), Kahinde and Bajo (2014), Tsigu ad Rao (2015), Gimuguni et al. (2014), Raja and Palanichamy are only a few examples (2015). Rasool et al. (2015) conducted research in Pakistan's health business and discovered that both

transformational and transactional leadership styles have an impact on employee performance, with transformational leadership having a bigger impact than transactional leadership. Raja and Palanichamy (2015) discovered a positive relationship between transformational and transactional leadership styles and employee performance in an Indian sample of public and private sector employees, but a negative relationship between laissez-faire leadership style and employee performance.

According to Ipas (2012), the most popular leadership style among hotel managers is authoritarian leadership, which is thought to provide the best outcomes. Aboshaiqah et al. (2015) investigated the link between leadership and employee performance among hospital nurses and discovered that transformational and transactional leadership styles are significantly positive, whereas laissez-faire leadership is significantly negative. Pradeep and Prabhu (2011) in India, as well as Kehinde and Banjo (2014) and Ejere and Abasilim (2013) in Nigeria, discovered a significant positive association between transformational and transactional leadership styles and employee performance. Tsigu and Rao (2012) in the Ethiopian banking industry and Gimuguni et al (2014) in the Ugandan local government authority are two more African studies. While Tsigu and Rao show that transformation leadership explains employee performance variation better than transaction leadership, Gimuguni et al found that authoritarian, laissez-faire, and democratic leadership styles all have a substantial positive association with performance.

As a result, the evidence on the impact of leadership style on employee performance, like the literature on leadership and employee performance, is dispersed across

countries and industries. While the majority of the research shows that both transformational and transactional leadership styles are positively related to employee performance, with the transformational style's effect being stronger than the transactional style's (Rasool, et al., 2015; Kehinde and Bajo, 2014; Tsigu and Rao, 2015), there is less evidence on the relationship between laissez-faire and performance. While some researches, such as Aboushaqah et al (2015), find a negative association, others, such as Gimuguni et al (2014), report a favorable relationship. This suggests that the evidence for this leadership style is contradictory.

Furthermore, the literature does not cover every industry or country. Local government (Gimuguni, et al., 2014), hotel (Ipas, 2012), and petroleum (Rassol et al, 2015; Aboushaqah, et al, 2015) are also represented (Kehinde and Bajo, 2014). Because of the lack of research in this area from Africa, particularly East Africa, this work is even more essential. There are many more South African works evaluated here, including Tsigu and Rao (2015), Ejere and Abasalim (2013), Gimuguni (2015), and Nuhu (2010). (Howard, et al., 2003). While there are many organizations contributing to the growing corpus of data, just a few are from the financial sector, such as Tsigu and Rao (2015) from Ethiopian banking.

As a result, the study's findings on the impact of leadership style on employee performance show that leadership style can account for a wide range of performance outcomes at both the individual and organizational levels. However, data is not evenly disseminated throughout the world's economy, let alone within African economies. Data from the financial industry is also clearly out of date. These facts are at the heart of our research, which aims to give Pepsi evidence.

#### 1.3 Statement of the Research Problem

"In today's competitive environment," stated Kehinde and Banjo (2014), "firms develop globally and face a lot of obstacles in accomplishing their aims and chasing to be more successful than others." Pepsi SBC is a company with a variety of leadership styles. The goal of the study was to pique people's interest in the subject by addressing different stakeholders' concerns regarding how leadership styles affect Pepsi employees' productivity and performance. Everyone in the company, from senior management to temporary/intern/contract employees, is affected by leadership styles.

Only a small percentage of Pepsi SBC employees got performance-based bonuses, meaning that many employees failed to fulfill their year-end goals. This clearly shows that the previous two years' results have fallen short of expectations. The decline could be attributable to a variety of factors, but the focus of this study is on the leadership styles employed.

In order to attain efficiency, managers' styles and methods must be visible, which needs specialized leadership approaches to unique performance obstacles in reaching departmental goals. Managerial style and approach should be evident in order to achieve efficiency, which necessitates specific leadership approaches to unique performance challenges in achieving departmental goals. Employee performance, which is defined as: executing defined duties, meeting deadlines, team input, and the cohesion of both leadership and performance, should be evident through the style and approach used by managers in order to achieve efficiency, which necessitates specific leadership approaches to unique performance challenges in achieving departmental goals.

According to Armstrong (2005), the aforementioned should contribute to efficiency, specialization, effective feedback, and solid organizational relationships. Leadership styles were the independent variable (IV) in this study, and leadership is defined as the ability to influence people toward achieving goals, according to Richard et al (2010).

This statement encapsulates how leaders collaborate with others to attain their objectives. The researcher is concerned about this, so he decided to undertake research on the subject. The purpose is to examine employee performance and see if it is influenced by the leadership style of their immediate boss.

#### 1.4 General Objective

The goal of this study is to examine how different leadership styles affected employee performance at Pepsi Tanzania.

#### 1.5 Specific Objectives

The study was guided by the following specific objectives:

- (i) To determine the effects of transformational leadership on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam
- (ii) To evaluate the effect of transactional leadership on employees performance at SBC Tanzania limited (Pepsi) Dar es Salaam
- (iii) To assess the effect of laissez-faire leadership style on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam
- (iv) To evaluate the effect of autocratic leadership on employee performance at SBC

  Tanzania limited (Pepsi) Dar es Salaam

#### 1.6 Research Questions

- (i) What is the effect of transformational leadership style on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam?
- (ii) What is the effect of transactional leadership style on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam?
- (iii) What is the effect of laissez -faire leadership style on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam?
- (iv) What is the effect of Autocratic leadership style on employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam?

#### 1.7 Significance of the Study

Researchers, students, and academics will be able to use the research's foundation and findings in the future to better understand the effects and importance of different leadership styles on employee performance. The Pepsi SBS will be in a better position to use the findings of this research to develop leadership programs that will see leaders acquire relevant leadership skills for effective management and organizational performance after determining the relationship between leadership style and employee performance. This study's findings will assist various leaders in determining the best and most appropriate leadership style to apply in distinct situations in order to boost team performance and employee productivity.

#### 1.8 Organization of the Study

This study is divided into five sections. The rest is structured as follows: The second chapter is devoted to a review of the literature. The approach used in the study is

presented in the third chapter. The study's findings are presented and discussed in Chapter 4. Finally, in chapter five, the author summarizes, concludes, and offers suggestions. Future research topics are also suggested.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 Overview

This chapter contains a review of the relevant literature for the research. Previous research is useful because it informs future studies on the same subject. Based on the survey's dependent and independent variables, a conceptual framework is established, which serves as the study's framework. Conceptual definitions, theoretical review, empirical literature review, research gap, conceptual framework, and hypothesis declarations are the six components of the chapter.

#### 2.2 Conceptual Definitions

#### 2.2.1 Leadership and Leadership Style

Despite the fact that leadership has been researched extensively throughout the years, no universally accepted definition has emerged. "There are almost as many definitions of leadership as there are people who have tried to define it," Stogdill writes (1974). A few instances of such definitions are shown below. According to Talat et al (2015), leadership is a broad process that includes authority, responsibility, and power delegation. Leaders assist people in achieving their personal and organizational goals and objectives by directing, guiding, and persuading their followers (workers).

As a result, leadership styles involve dealing with people both inside and outside of an organization, handling or resolving problems, guiding and leading employees to achieve and complete their objectives, and serving as a role model for others. "Leadership is described as a process through which a person drives others to achieve

a goal and guides the organization in a way that makes it more cohesive and coherent," according to Kumar (2014). To achieve these objectives, leadership qualities such as beliefs, values, ethics, character, knowledge, and abilities are utilised. To bring about positive change, leadership is defined as the sharing of vision, resources, and value. It's the ability to inspire people with confidence and zeal, as well as the ability to motivate them. To achieve these objectives, leadership qualities such as beliefs, values, ethics, character, knowledge, and abilities are utilised. To bring about positive change, leadership is defined as the sharing of vision, resources, and value. It's the ability to instill confidence, zeal, and a desire to follow in others.

Wammy and Swammy (2014) define leadership as "a social influence process in which the leader seeks the voluntary cooperation of subordinates in order to achieve organizational goals," and a leader is "someone who delegated or encouraged others to behave in order to achieve specified goals." Through taking responsibility for charting the firm's route and allowing others to see and imagine what lies ahead and how to archive it, Memon (2014) defines leadership as the process by which a person impacts others' ideas, attitudes, and behaviors.

According to Leslie et al (2013), leadership is the ability to persuade others to follow one's lead or to stick to one's decisions. A leader, on the other hand, is someone who attracts and motivates people to create and achieve goals. According to Sundi (2013), leadership is defined as "the ability to persuade and organize others to work as a team under his guidance to achieve a specific goal." Leadership is the process of leaders and followers influencing one another to achieve company goals through change (Lussier & Achua 2009). Hill claims that (2008). The process of motivating,

influencing, and guiding people in an organization to work effectively toward the organization's goals is referred to as leadership. According to Armstrong (2003), leadership is simply the ability to persuade people to change their behavior voluntarily in order to attain a common goal with the help of the group. "Leadership is about listening to people, supporting and encouraging them, and involving them in decision-making and problem-solving processes," Levine and Crom (1994) write. It's all about forming teams and sharpening decision-making abilities."

According to Conger, "persons who establish direction for a working group of individuals, acquire commitment from these group of members to this direction, and then urge these members to achieve the direction's goal" (1992). In essence, every leader leads his people in a unique way. "Leadership style" is the term for it. Cuadrado et al. (2007) defined leadership style as a series of consistent acts or patterns, dividing leader conduct into two dimensions: structure initiation (task-oriented leaders) and consideration (relationship-oriented leaders). Memon (2014) defines leadership style as the way a leader gives orders, motivates staff, and carries out plans. The way a leader directs an organization, a department, or a group is referred to as their leadership style (Mehmood & Arif, 2011) Leaders looking for the most effective leadership style may find that combining styles is more beneficial (Darling & Leffel, 2004).

Based on the aforementioned, this study employs Hill's leadership idea (2008). Employees who are well-directed are more likely to understand product knowledge, procedures, and processes because they are focused on the organization's expectations and goals. We provide our employees the power and ability to produce and give their

best to the organization when we develop them, which leads to greater productivity. The leaders themselves are in charge of implementing leadership styles. When a good leadership style is adopted and can provide adequate direction to subordinates, employees acquire confidence and work motivation, resulting in enhanced employee morale and, as a result, improved employee performance. To improve performance, leaders must collaborate with their subordinates/employees. Leadership style, according to Sudi (2013) a substantial impact on staff performance

#### 2.2.2 Employee Performance

Any organization's key goal in order to thrive in this highly competitive climate is to improve the work performance of its employees. Performance is a multifaceted concept and a critical factor in determining whether or not a firm will thrive. Prasetya and Kato (2011) define performance as the results of employees' efforts combined with their talents in a given setting. According to Pattanayak (2005), an employee's performance is defined as his or her observed and rated subsequent activity on a task. Employee performance, according to Pattanayak, is defined as an individual's contribution to the achievement of company goals.

Employee performance is simply the outcome of a series of actions taken to achieve a goal while adhering to a set of rules. Employee performance is defined as an employee's conduct that includes directly observable behaviors as well as mental actions or products, such as answers or decisions that result in organizational outcomes such as goal achievement. According to Ibrahim (2004), job performance is a crucial activity that influences the goals and tactics for achieving organizational goals, as well as the level of output achievement. El-Saghier (2002) defined it as an

employee's attempt to achieve a specific goal, and this is the description that the researcher used.

#### 2.3 Theoretical Literature Review

Leadership has become the most thoroughly researched aspect of organizational behavior on a global scale, with various theories concentrating on strategies, qualities, styles, and the situational approach to leadership emerging. As the field of leadership became more popular, behavioral scientists and sociologists began to investigate the potential effects of leadership activities, as well as the characteristics that could be used to predict a leader's conduct.

#### 2.3.1 Traits and Behavioral Theory

According to the characteristic perspective, which dates back to the 1940s, outstanding leaders are born with distinguishing personality attributes that make them better suited for leadership and distinguish them from other people or their followers. Stogdill's (1948) examination of the literature on leadership yielded the most comprehensive list of qualities. Stogdill's discovery that leadership situations change significantly and place varied expectations on leaders shattered trait theory, allowing situational and behavioral methods to arise.

According to behavioral theories of leadership, leaders can be distinguished from their followers by their actions. It focuses on leadership behaviors rather than mental capacity or internal moods, with the concept that outstanding leaders are developed rather than born. People can learn to be leaders by teaching and observation, according to this viewpoint. Behavioral theories look at whether a leader is focused on

the task, the people, or both. Employee-centered and production-centered leadership attributes were identified in 1945 by investigations at the University of Michigan and Ohio State University (Hersey and Blanchard, 1988). The lack of empirical test studies is the fundamental critique of trait theory (Harrison, 2018).

In this light, the trait theory is based on personal traits gained via ongoing professional training and growth, rather than the scientific approach. External trait characteristics can penetrate our minds and influence our internal beliefs and processes, resulting in an effective leadership style. Some researchers are focused about external physical traits, while others are worried about interior mental attributes such as intelligence, self-confidence, and willpower. The trait theory has been found wanting in terms of providing "clear information in the measuring of traits" (Bolden et al., 2006). The hypothesis failed to provide specific information on gauging the degree of leader attributes, making it impossible to make a meaningful judgment. The idea has offered common features for a good leader in this situation. Common characteristics, on the other hand, do not make for an effective leader. One factor that even the best leader cannot control is the trait. "The characteristics that led to the leader's success in certain studies have led to failure in other studies," according to new research (Fleeor, 2006).

The trait theory is oversimplified (Northouse, 2015), and the leader's "predictable type of behavior is less successful, and their traits are not necessarily effective and consistent in all scenarios and cases" (McCleskey & Allen, 2014). "There is no trait that would ensure leadership success," according to current research, "since the attributes are tied to leadership conduct and effectiveness" (Yukl, 2002). To arrive at a conclusion, the trait theory does not take into account the entire business environment.

Future research could look at trait theory from a variety of angles, including physical and internal characteristics, common qualities, and other talents.

#### 2.3.2 Situational and Contingency Theory

Contingency theory is a leadership style in which the interaction between a leader's personal traits and the situation determines the leader's effectiveness. Environmental factors influence the relationship between leadership style and organizational outcomes, according to contingency theories, and so the consequences cannot be anticipated by leadership style unless the situational variables are understood (Cheng & Chan, 2002).

Fiedler's (1967) coworker theory, House's (1971) path-goal theory, and Heresy and Blanchard's (1969) situational leadership theory are all used in this leadership style. No single leadership style is best in all situations, according to this research and the three models. Success is influenced by a number of factors, including the leader's favored style, the followers' abilities and habits, and the circumstances.

The leader's relationship with followers, the degree of task structure, and the leader's authority, position, or power are all factors that influence control. Control is based on three aspects: the leader's relationship with followers, the degree of task structure, and the leaders' authority, position, or power. Effective leadership necessitates adapting one's leadership style to situational conditions, and control is based on three aspects: the leader's relationship with followers, the degree of task structure, and the leaders' authority, position, or power.

Fiedler's contingency theory has been questioned since it implies that if a leader's worldview and the situation are incompatible, the only option is to replace the leader.

Some have questioned the model's validity, claiming that it fails to correctly reflect the personality attributes of a leader. The contingency model also disregards the percentage of events that are slightly favorable, wholly negative, or even exceedingly beneficial. As a result, detractors argue that the method fails to provide a thorough comparison of low-LPC and high-LPC leaders (Weill, & Olson, 1989).

#### 2.3.3 Transformational and Transactional Theory

A substantial amount of research has focused on transformational – transactional leadership theory over the last twenty-five years. Supervisory, organizational, and group performances are valued in transactional theories, and they believe that leadership should be based on a system of rewards and penalties for achieving specific goals. The sort of transaction, whether it's a reward or a penalty, is determined by the employee's performance.

According to Bass (1985), referenced by Chan, transactional leaders appeal to their subordinates' self-interests (2005). Negotiating and trading are used by transactional leaders to meet their subordinates' current expectations. Leaders and followers are both focused on achieving the agreed-upon standard of performance. The ties built between leaders and followers are the focus of transformational theories.

Transformational leadership is defined as a leader's capacity to persuade followers to put the organization's needs ahead of their own (Bass, 1985, 1996) as cited by Murphy & Drodge, (2004). Transformational leadership, according to Bass (1985), is founded on unquestionable personal convictions and appeals to subordinates' sense of moral obligation and ideals. Idealized influence (charisma), inspiring motivation,

individualized care, and intellectual stimulations are four types of transformative leadership conduct, according to Bass.

Transformational leaders are more likely than transactional leaders to be viewed as rewarding and effective by their colleagues and employees, according to the results of Bass's multifactor leadership questionnaire (MLQ) (Bass and Avolio, 1994). According to Bass (1990), transformational leaders have better relationships with their followers, and their followers contribute more to the organization than transactional leaders' followers. Employees also feel that their transformational leaders put forth a lot of effort on their behalf.

Despite the obvious advantages of transformational leadership over transactional leadership, there are a number of factors to consider and problems to address. Idealized influence is one of the most widely criticized features of transformational leadership because some charismatic transformational leaders may misuse their position and privilege while neglecting to help their followers. According to Yukl (2013, p.319), charismatic leaders may have negative consequences such as a decrease in good suggestions and criticisms from followers, an increase in the leader's excessive confidence and optimism, a halt in the development of competent successors, a denial of problems and failures by the leader, and a reduction in the leader's capacity to foresee potential dangers and future expectations. "Transformational leaders can fascinate and unite their followers," Nye says, "but their efficacy and ethics may be compromised" (2008). Leaders' morality may be an impediment to revolutionary leadership since they are prone to abuse their positions of power (Hall et al., 2002).

Transformational leaders develop a strong emotional bond with their followers, allowing them to have a significant influence. Leaders with narcissistic characteristics are more inclined to abuse their positions of authority, which can lead to manipulation. Because of their strong emotions and relationships with their leaders, followers may tend to ignore such tactics (Stone et al., 2004). Transformational leadership, according to Bass and Steidlmeier (1999), lacks an auto control system to avoid dictatorship. When a leader lacks moral standards, negative effects may occur.

According to Homrig, "pseudo transformational leadership has a potential immoral and unethical character that could be inflicted on naive and unprepared followers by an unscrupulous leader" (2011). Hitler's charisma and lofty vision, for example, captured the hearts of the German people, but his insatiable ambition for power and immoral, paranoid temperament led to Germany's collapse, resulting in the deaths of millions of innocent people.

#### 2.3.4 Transactional Leadership and Employee Performance

Transactional leadership is a management style that focuses on the interactions between leaders and subordinates. According to Bass and Avolio (2003), transactional leadership is characterised by two characteristics: dependent remuneration and exception management. When leaders agree on what their subordinates must perform and promise a reward if the goal is met, the phrase "contingent reward" is used. Exceptional management, on the other hand, is when a leader looks for deviations from established norms and takes corrective action to help the company meet its objectives. According to Yulk (2007), transactional leadership is a type of leadership that emphasizes communication between leaders and followers. By exchanging a

reward for a specific performance, transactional leadership encourages and inspires subordinates. If the subordinate could perform their tasks according to the terms of a deal, they would be compensated. To put it another way, he inspires his subordinates to work. Transactional leadership styles can influence performance in either a favorable or negative way. The employee's rating determines this. Employees may respond positively to transactional leadership, but they may respond poorly if they believe it is untrustworthy because it does not keep obligations, is dishonest, or is not transparent.

#### 2.3.5 Transformational Leadership and Employee Performance

The objective is to change the visionary's mind. It becomes a shared vision, with subordinates contributing in the concept's fulfillment. In other words, transformational leadership characteristics such as ascribed charisma, idealized influence, inspirational motivation, intellectual stimulation, and personalized consideration are all part of the process Avolio and Bass (2003). Adopting a transformational leadership style, according to Yukl (2007), can boost performance since transformational leadership attempts to develop personnel's knowledge and potential.

A transformational leader offers his subordinates the chance and confidence to carry out their obligations in accordance with his attitude in order to achieve corporate goals. A transformational leader, according to Butler (1999), assists subordinates in developing a vision, mission, and organizational goals, encourages and motivates them to perform their best job, inspires subordinates to think critically and solve problems in new ways, and treats them as individuals. According to Suharto (2005), using transformational leadership behaviors more frequently will have a considerable

favorable effect on the psychological empowerment quality of subordinates. A transformational leader who focuses on the individual can assist the organization in achieving its vision and goals, providing motivational support, and discovering new ways to work more efficiently.

#### 2.3.6 Laissez Faire Leadership and Employee Performance

The leader's ability to lead North is influenced by a number of elements, including the leader's favored leadership style (2001). Many academics have put it to the test and found it to be accurate and trustworthy when it comes to discussing how to build effective leadership. It emphasizes the significance of paying attention to a leader's interpersonal relationships, style, and the needs of varied scenarios and personnel.

This form of leadership, according to Kumar, provides subordinates the most freedom (2015). They are completely in charge of the rules and techniques they employ, as well as the judgments they make. It's based on the premise that the most effective leadership style is one that provides employees some say in how they use any leadership style. The goal of this study is to learn more about the effects of laissez-faire rules on employee performance.

On the other side, there has been a lot of research done on the link between positive self-esteem and effective management. Kerns (2004) looked at the role of values in organizational leadership, and his findings favored the laissez-faire style for bridging the gap between the employer and the employee, with his main concern being that laissez-faire would create a positive environment in which employees and employers felt like a family regardless of their positions.

#### 2.3.7 Autocratic Leadership and Employee Performance

Autocratic leaders use the "do as I say" attitude. These leaders are typically unfamiliar with leadership when it is imposed upon them in the form of a new function or job, such as people management. Autocratic rulers retain their power to make choices on their own. They can permanently harm a company by forcing their 'followers' to implement limited plans and services based on a subjective definition of success. There is no common vision, and force is the only source of inspiration. Loyalty, inventiveness, and invention are all known to be suffocated by autocratic leadership. In truth, most followers of authoritarian leaders are merely biding their time until the current leadership dies and Michael's replacement is removed (2010). Autocratic leaders use the "do as I say" attitude. These leaders are typically unfamiliar with leadership when it is imposed upon them in the form of a new function or job, such as people management. Autocratic rulers retain their power to make choices on their own. They can permanently harm a company by forcing their 'followers' to implement limited plans and services based on a subjective definition of success. There is no common vision, and force is the only source of inspiration. Loyalty, inventiveness, and invention are all known to be suffocated by autocratic leadership. In truth, most followers of authoritarian leaders are merely biding their time until the current leadership dies and Michael's replacement is removed (2010).

#### 2.4 Empirical Analysis

#### 2.4.1 General Studies

Great leaders outperform poor leaders, according to a wide body of empirical research, and transformational leadership outperforms transactional leadership (Burns 1978; Bass1990; Hater and Bass 1985; Howell and Avolio 1993).

Organizational behavior research has highlighted transformational leadership as the best fit for today's enterprises (Bass & Avolio, 1994; Kotter, 1988; Meyer & Botha, 2000). This innovative leadership style is critical in today's corporate environment; it is a style that empowers individuals and raises employee performance in order to boost organizational performance and ensure its survival (Kotter, 1988). According to evidence acquired in the service, retail, and industrial sectors, as well as the military services of the United States, Canada, and Germany, transactional leaders have a limited impact on their subordinates' effectiveness (Brand, Heyl & Maritz, 2000).

Furthermore, transformational leadership has been demonstrated to be more strongly associated to improved employee satisfaction and individual/organizational performance in the Canadian financial industry than transactional leadership (Meyer & Botha, 2000). Based on the evidence, it's possible to conclude that transformational leadership, rather than transactional leadership, is more effective in raising employee performance.

Individual attention may be given to employees who work with transformative leaders. As a result, they're more likely to support the leader's objectives and outperform expectations. As a result, transformational leaders are able to establish high-quality leader-follower exchange links, which has an impact on their performance (e.g., Wang et al., 2005). Although the early phases of LMX may be transactional, it has the potential to be revolutionary once it reaches the final level (Bass, 1999). Transactional leadership, according to both Bass (1985) and Podsakoff et al. (1990), specifies expectations for followers' performance and rewards them according to their level of performance. Followers will be driven to fulfill

performance criteria and complete their contracts in order to be adequately rewarded (Bass, 1985). The link between contingent remuneration for leaders and employee performance has been proven to have substantial empirical validity (cf. Podsakoff, Bommer, Podsakoff, & MacKenzie, 2006). On the other side, transformational leadership enthuses followers with a compelling vision, emanates optimism, and sets high standards for followers' excellence and performance. It should be able to motivate people to put in more effort than they normally do (Bass, 1985).

In both lab (Howell & Frost, 1989) and field (Bass, 1985) settings, a favorable association between transformative leadership and employee performance has been shown. Transformative and transactional leadership, as a result, are expected to have a direct impact on employee performance. Raja and Palanichamy (2015) investigated the impact of leadership styles on employee performance in India's public and private sectors. The outcomes of the study show that there is enough evidence, at a 5% level of significance, that transformational leadership and employee performance are positively associated in a linear fashion.

In recent years, one of the most investigated topics has been leaders and their leadership styles. The impact of leadership styles on employee performance has been studied using a variety of methodologies. Rassol et al. (2015) investigated leadership styles and their effects on employee performance in Pakistan's health sector, concluding that transformational leadership styles were more beneficial to employee performance than transactional leadership styles. They discovered that transformative leadership works best in an organic setting where competitive advantages are prioritized. According to their findings, transactional leadership has a similar impact

on job performance as transformational leadership. All in all the transformative and transactional contingent incentive leadership strategies, according to Pradeep and Prabhu, are positively associated to employee performance (2011). Managers that demonstrate successful leadership skills, whether transformational or transactional, are seen to be motivated to improve employee performance.

Transformational leadership, according to their research, has a substantial association with performance outcomes like work effectiveness, contentment, extra effort, and dependability. Their findings aided our understanding of the most effective leadership strategy and style to use with subordinates at various levels of management. Leaders can use their findings to change their actions in practical ways to improve their subordinates' job performance, resulting in higher production for their businesses. They emphasize the importance of leaders being able to attract and motivate their subordinates, as well as setting clear performance expectations for their peers and serving as the finest role model possible.

According to Aboshaiqah et al. (2015), who conducted a study on nurses' perceptions of managers' leadership styles, transformational leadership and related features are used more frequently than transactional and laissez-faire leadership styles. and Its Associated Outcomes. A positive association was discovered between outcome factors (efficiency, additional effort, and employees satisfaction) and transformational and transactional leadership styles, as well as a negative relationship with laissez-faire leadership styles. They identified a link between a mix of transformational leadership styles, behaviors, and qualities and greater extra effort, satisfaction, and total employee performance, as well as nurse perceptions of leader effectiveness. In a

research on perceived leadership style and employee performance in the hotel industry, Ipas (2012) found out that, the autocratic leadership is the most common style adopted by managers to obtain intended results. They also emphasized the need of managers devising a workable approach for assisting employees in improving their own performance.

Kehinde and Banjo (2014) evaluated the effects of leadership styles on employee job performance in a study done by the Department of Petroleum Resources. According to their findings, "transformational leadership style" motivates people to go above and beyond typical expectations, resulting in successful business outcomes. According to them, transformational leadership "addresses followers' higher-order needs and moral values, generates followers' passion and commitment to the organization's mission and values, instills pride and faith in followers, communicates personal respect, stimulates subordinates intellectually, facilitates creative thinking, and inspires followers to willingly accept demanding goals and a mission or vision of the organization's future mission and goals. In recent decades, both academics and practitioners have paid close attention to leadership as a shaping factor in employee behavior and performance.

The measurement of the link between work success and leadership style fascinates academics (Rasool, 2015). One of the most researched themes in contemporary history is leaders and their leadership styles. Many scholars who have studied leadership styles have not come up with a particular style that is ideal for a specific situation, according to Chan (2010). According to Chan, different leadership styles are required for different situations (2019). Leaders only need to know when to use

whatever strategy. By using the right leadership style, leaders may affect employee job satisfaction, dedication, production, and, ultimately, the organization. The amount of instruction and social support offered to subordinates is greatly influenced by the leadership style of the leader.

# 2.4.2 Empirical Analysis in Africa and Local Studies

Transformational leadership was found to be more effective than transactional leadership in boosting employee performance in South Africa by Hayward, Davidson, Pascoe, Tasker, Amos, and Pearse (2003). In a South African pharmaceutical company, the study (Hayward et al., 2003) discovered a substantial positive linear association between transformational leadership and staff performance, but no such link between transactional leadership and employee performance. In Africa, empirical evidence from Nuhu (2019), who studied the impact of leadership styles on employee performance in Kampala City Council, found that laissez-faire leadership was prevalent in higher management, but also in lower management. Employee performance is positively correlated with forceful leadership style (NUHU 2019). The majority of employees thought authoritative leadership was autocratic (coercive), while other forms of leadership were more humanistic.

A laissez-faire leadership style, according to Nuhu (2004), has a good link with staff performance. Because most employees thought it was more important to make them feel at ease at work than to order them about like children. In actuality, supervisors and managers were nice, cordial, and non-arrogant with their subordinates in a variety of ways. According to his research, employee performance existed in these departments, but at a slower rate than in authoritarian leadership, which was

unpleasant. Tsigu and Rao (2015) showed that transformational leadership style is described by changes in performance better than transactional leadership style in their study leadership styles: their impact on employment outcomes in Ethiopian banking industry.

As a result, the researchers anticipated that banks would be able to better satisfy their staff and hence enhance productivity if they focused more on transformational leadership style features. Gimuguni, et al (2014) summarized that there is a moderately high, positive and significant relationship between the three leadership styles (autocratic, lassies-faire, and democratic) and performance in local governments. After conducting a study in Uganda on the effect of leadership styles on local government performance with a case study of Mbale district. The researchers found that Mbale local government leaders use an autocratic leadership style to motivate employees to perform their tasks, but that a laissez-faire leadership style predominated in Mbale, potentially causing delays in meeting deadlines. The data also showed that, thanks to democratic leadership, the local government's performance has improved in terms of increased work force, high job completion speed, effectiveness, and timeliness. As a result, einom apart from being dsignated by autocratic and laissez-faire leadership styles, the Mbale local government strives to merge the three leadership styles.

# 2.5 Research Gap

Literature on leadership and worker performance is scattered across countries and industries. The evidence on how a leader's style influences staff performance is also contradictory. While the majority of research indicates that transformational and

transactional leadership styles are associated with improved employee performance, Rasool et al., 2015; Kehinde & Bajo, 2014; Tsigu & Rao, 2015) found that the transformational style had a larger impact than the transactional type.

On the relationship between laissez-faire and performance, there is little data. While some studies, like Aboushaqah et al (2015), indicate a negative correlation, others, like Gimuguni et al (2014), find a positive one. This suggests that the evidence for this leadership style is contradictory.

Furthermore, the literature does not explain every industry, Local government or country. (Gimuguni, et al., 2014), hotel (Ipas, 2012), and petroleum (Rassol et al, 2015; Aboushaqah, et al, 2015) are also represented (Kehinde and Bajo, 2014). Because of the lack of research in this area from Africa, particularly East Africa, this work is even more essential. There are many more South African works evaluated here, including Tsigu and Rao (2015), Ejere and Abasalim (2013), Gimuguni (2015), and Nuhu (2010). (Howard, et al., 2003). While a wide range of firms are represented in the growing corpus of data, just a handful are from the financial sector, such as Tsigu and Rao (2015).

As a result, the findings of the study on the effect of leadership style on employee performance reveal that leadership style can influence a wide range of performance outcomes. On both a personal and organizational level. Data, on the other hand, is not evenly distributed throughout the global economy, let alone within African economies. Financial industry data is also clearly out of date. Our research, which tries to provide evidence from Kenya's banking system, is based on these facts.

## 2.6 Conceptual Framework

Leadership's relevance in an organization cannot be overstated, and many studies have defined it differently due to its complexity and significance. Leadership has always been thought of as a transaction between a boss and his employees. It's also been described as a method of persuading people to achieve a specific purpose or target. A person's leadership style is made up of many different qualities, attributes, talents, and behaviors. In addition, the situation is critical, needing a completely new approach.

#### **Independent Variables**

### **Dependent Variable**

Leadership Styles

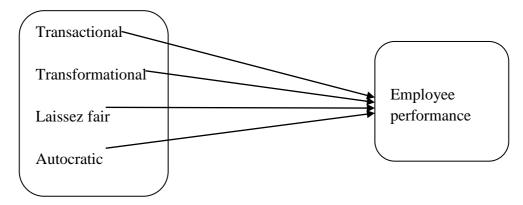


Figure 2.1: Conceptual Framework

The study's purpose was to see what kinds of transactional leadership attributes Pepsi offers its employees and how they affect employee performance, as well as to see if providing rewards inspires employees to perform better or if the lack of rewards has an impact on employee performance. The study also looked into how transformational leadership traits affect employee performance at Pepsi, such as how they affect employee performance, if they slow performance or how much they can increase performance.

Finally, the study looked into how authoritative leadership influences Pepsi employee performance, including how coerced Pepsi employees feel and how this affects performance. To better comprehend the research, the following factors were employed to obtain background information: age, gender, length of service, and educational levels.

# 2.7 Hypotheses

- H1 The Transformational leadership style positively affects employee performance at SBC Tanzania limited (Pepsi) Dar es Salaam
- H2 The Transactional leadership style positively affects employee performance atSBC Tanzania limited (Pepsi) Dar es Salaam
- H3 The laissez-faire leadership style positively affect employee performance at
   SBC Tanzania limited (Pepsi) Dar es Salaam
- H4 The Autocratic leadership style positively affects employee at SBC Tanzania limited (Pepsi) Dar es Salaam

#### **CHAPTER THREE**

#### RESEARCH METHODOLOGY

#### 3.1 Overview

This chapter describes the research methodologies that was be used to finish the project. This chapter goes into the methods used to collect primary and secondary data for the study in great depth. In this chapter, the researcher describes the research strategy and population size used. The researcher also explains how the data was examined, including any models or programs that were employed, as well as the reasons for using these models or programs.

# 3.2 Research Philosophy

The study intends to adopt positivist research philosophy. Positivism research philosophy is used in this study. Saunders et al (2015) define research philosophy as a system of beliefs and assumptions on knowledge development. The knowledge is generated when a researcher wants to answer a specific question. Therefore, the positivist research philosophy was applied in this study. Trochim and Donnely (2001) give that; positivism is the phenomenon, which can produce knowledge since it is associated with empirical testing. The reasons on this section reflect the fact that, intrinsic motivation has effects on teacher's performance.

Teacher's performance could be looked on the lens of individual behavior such that their performances are affected by the way they react with the intrinsic motivation. Similarly, data to be collected depicted object views about the intrinsic motivation variables. The study is limited to the objective way of data collection and

interpretation. The findings also observed quantitatively statistical analysis such regression analysis (Stanley, & Jarrell, 2005).

#### 3.3 Research Design

A survey research design was used in this study. According to Amin (2005), this survey research approach would be beneficial at SBC Tanzania limited (Pepsi) Dar es Salaam since it would allow the researcher to collect systematic data on multiple respondents at once. To ensure that the people identified at their employment were the ones who were involved in the study, convenience sampling was used. This was a quantitative design with descriptive and inferential analysis options.

# 3.3.1 Area of the Study

This research was carried out at SBC Tanzania Limited (Pepsi). The purpose of the research was to determine the impact of advertising on organizational performance. SBC Tanzania Limited (Pepsi) Dar es Salaam is a case in point. Because some organizations refuse to provide confidential information, the researcher preferred SBC Tanzania because it was simple and easy to get what the researcher wanted from management, workers, and other respondents. Because some organizations refuse to provide confidential information, the researcher preferred SBC Tanzania because it was simple and easy to get what the researcher wanted from them.

#### 3.3.2 Population of the Study

The study's target demographic was 2000 personnel at SBC Tanzania Limited in Dar es Salaam, where the production department (300), marketing department (455), sales and distribution department (620), customer services department (415), and packaging

and branding department (415) were all located (210). SBC Tanzania Limited (Pepsi) was also targeted in the study for producing goods and services that meet consumer satisfaction once early decisions were made to increase the model of advertising to their goods created.

**Table 3.1: Population of the Study** 

UDSM-Dept	Population
Production department	300
Marketing department	455
Sales and distribution department	620
Customer services department	415
Packaging and branding department	210
Total	2000

Source: Researcher, (2021)

### 3.3.3 Sample and Sampling Strategy

A sample is a group of individuals taken from a population in order to estimate the population's characteristics. Siegel is a German word that means "s (2013). It is a proportion or subset of a population that has been chosen to adequately reflect the entire population. According to Mugenda and Mugenda (2014), 10% -30% of the population is sufficient since it allows the researcher to acquire necessary details and improve the study's dependability.

The study used a quarter of the population size, or 95 responders out of 2000 people who were accessible (SBC Tanzania Limited in Dar es Salaam). According to Mugenda & Mugenda (2014), the sampling technique is the process of selecting respondents. The respondents are chosen from the entire population to provide insight into the study. The probability method of sampling was utilized in this study since the

researchers chose users of the page to whom she could gain access to their accounts. Dawns Lacobucci and Gilbert A. Churchill, Jr. For the SBC Tanzania Ltd, Yamane's formula (Yamane, 1967) was utilized to help determine the proper sample size (Pepsi). Yamane's formula n=N1+ (e2) directed the working sample.

#### Where-

- = is the sample size
- = is the population

1 = is

1= is a constant

2 = is the estimated standard error which is 5% for 90% confidence level

=2000/1+2000(0.1)2

=2000/1+20

=2000/21

=95.238 sample size of respondents at SBC-Company limited Pepsi in Tanzania. The adjusted minimum sample size was 95 respondents. This is the total sample that was considered while collecting data.

Therefore, sample size n=95

**Table 3.2: Distribution of Sample Size** 

UDSM-Dept	Population	%	Sample Size
Production department	300	15%	3
Marketing department	455	22.75%	24
Sales and distribution department	620	31%	33
Customer services department	415	20.75%	22
Packaging and branding department	210	10.5%	13
Total	2000	100%	95

Source: Author (2021)

#### 3.3.4 Sampling Strategies

Depending on the type of research to be undertaken, a variety of sampling procedures may be relevant. Probability sampling and non-probability sampling are the two main sorts of approaches. The researcher employed both purposive and convenience sampling to create a sample in this study. Purposive sampling, commonly referred to as judgmental sampling, is a non-probability sampling method. Purposive sampling occurs when a researcher selects specific units/elements from a population based on the purpose and his or her own judgment. This strategy was chosen because it ensured a good representation of the population. SBC Tanzania Ltd (Pepsi) defined advertising in this study as a person between the ages of 18 and 40.

### 3.3.5 Convenience Sampling

This is non-probability sampling, which is most beneficial in exploratory research when the researcher is looking for a less expensive approximation of the truth. The sample was chosen because it was convenient, as the name implies. Because the population is dispersed, the researcher used convenience sampling in order to reduce serving time.

#### **3.4** Variables and Measurement Procedures

The researcher created questionnaires to collect information on respondents' age, gender, educational levels, and duration of service with the company, which helped the researcher obtain a deeper understanding of their histories. The primary determinants are transformational, transactional, laissez-faire, and autocratic leadership styles, which are the independent variables. To assess leadership styles, the Multi Factor Leadership Questionnaire, developed by Avolio and Bass (1995) and

tailored to the study's context, was employed. The second variable measured was employee performance on a Yousef scale, which was the dependent variable (2000). Demographic parameters such as age, gender, length of employment, and job title were introduced.

#### 3.5 Methods of Data Collection

The target group was given a structured self-complete research questionnaire, which was collected after a few days. The study's participant provided original data. The questionnaire for this study was divided into five pieces. Part A was an introduction; Part B was a series of statements aimed to collect employee perceptions of the immediate supervisor's leadership style; Part C was for recording self-rated performance; and Part D was for demographic considerations. At the end of Part E, it was all about thankfulness. These surveys were sent to the HR departments of each of the selected branches.

# 3.6 Data processing and Analysis

The quantitative strategy and data analysis methodology—used in this investigation. This study used statistical approaches, such as frequency distributions, percentages, and charts; analysis also was conducted using SPSS Software Version 25. Multiple regression analysis, descriptive statistics, and the Pearson Correlation coefficient were used. Frequency tables were used to highlight the data analysis and presentation for quantitative data.

#### 3.7.1 Assumptions of the Model used in Analysis

The study used linear regressions in data analysis to capture numerous characteristics in determining Pepsi leadership styles. According to Constantine (2015), linear

regression analysis broadens the scope of regression analysis by examining several variables and expressing the relationship between the dependent and independent variables. The statistical approach of linear regression is used to explain several explanatory factors. The linear relationship between the independent and dependent variables in the model is tested using linear regression. According to Kenton (2019), it is reasonable to believe that:

It also assumes a linear relationship between the dependent and independent variables, as well as minimal or no Multicollinearity in the data.

iv. It also doesn't require much autocorrelation.

In multiple linear regression analysis, it also implies homoskedasticity.

Our study's dependent variable is employee job performance, while the independent variables are employee performance at Pepsi. The main purpose is to look into the impact of current leadership styles on employee performance and available institutions at Pepsi, as well as to forecast what should be done using SPSS based on the findings. To make assumptions regarding the study's model, apply the formula below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + X_3 \beta_3 + .... + X_n \beta_n + e$$

Where:

Y = dependent variable representing job performance

 $X_1,\,X_2,\,X_3,\,X_4,\,X_5,\,X_6.....X_n$  these represents independent variables where

X1job design = X2= financial incentives, X3= further training, X4= good working conditions, n= the number of available motivation packages

 $\beta 0$  = Is the independent variable's constant value. The regression coefficients of independent variables of X in relation to Y are  $\beta 1$ ,  $\beta 2$ ,  $\beta 3$ , and  $\beta 4$ .

e = the error term in a statistical model is represented by the letter e. (residual). It achieves statistical perfection by distinguishing between the theoretical value of the model and the actual observed result. Kenton, Kenton,

## 3.7.2 Testing Assumptions of MLR Model

A single dependent variable and two or more independent variables are used in a multiple regression model. It's a statistical method for constructing a mathematical relationship between two or more independent variables at the same time, and it's calculated using the equation in section 3.3.1. It is based on the assumptions that the dependent and independent variables are linear, that the data is Multicollinearity in nature, and that autocorrelation is low. The researchers employed statistical tests such as the coefficient of multiple determinations (R2) and the F-test to verify the MLR model's assumption. The R2as metric is used to assess a relationship's strength. By connecting the dependent and independent variables, you can see if the data follows the linearity assumption. It also reveals the model's actual characteristics.

The F-test is used in multiple regressions to measure the significance of partial regression coefficients; it compares linear model fits by checking multiple models at once. The explained sum of squares increases when an independent variable is added to the regression equation after all other independent variables have been taken into account, resulting in a rise in F-statistics in multiple regressions. The F-test is used to determine whether or not the population size has a normal distribution. Because the residual error is uniformly distributed, it should be in the range of zero to one. According to the authors, statistical tests are especially important in ensuring the validity of the model to be used in any study including multiple linear regressions

(Gujarat, 2004). He claimed that R2 values like r2all are between 0 and 1, suggesting that one fitted regression line explains 100% of the variation in the dependent variable and that 0 means the model does not explain any of the variation between the independent and dependent variables.

# 3.8 Validity and Reliability of the Instrument

The scales employed in the study had previously been validated. In order to measure leadership styles, the Multi Factor Leadership Questionnaire (MLQ) established by Avolio and Bass (1995) was modified to fit the study's context. To evaluate employee performance, the researchers employed a modified Yousef scale (2000). Cronbach's alphas were calculated using a scale test and compared to the industry standard cut-off point of 0.7. According to Field (2005) and Pallant (2013), a Cronbach's alpha greater than 0.7 indicates the instrument's internal consistency. Cronbach alphas were determined for each subscale, and the results are displayed in Table 3.1. Cronbach's alphas in the results range from 0.755 to 0.908. These alpha coefficients are all more than 0.7, indicating that each of the study's subscales had acceptable internal consistency and hence was trustworthy in measuring what it was designed to measure.

**Table 3.3: Reliability Statistics Results** 

S/N	Variable	No of Items	Cronbarch's Alpha
1	TRANSF	12	.859
2	TRANS	6	.762
3	LSZF	6	.938
4	AUTO	6	.781
5	EP	9	.774

Source: Data Analysis (2021)

#### 3.9 Ethical Consideration

Rani and Sharma (2012) raised a number of good ethical points. The first is that of participant accountability: Participants include everyone who is directly or indirectly involved in the research process. They have four rights that the researcher must protect: (a) their right to privacy; (b) their anonymity; (c) their confidentiality; and (d) their right to be free from harm, treachery, or deception. When evaluating the rights of participants, keep the following points in mind. (a) The researcher should treat everyone involved in the research process with respect.

No distinction should be made on the basis of age, caste, color, religion, race, political convictions, or living style unless the nature of the activity dictates it. It also implies that individuals freely offer their informed consent. "The essence of the informed consent principle is that human study subjects should be able to agree or decline to participate based on detailed information about the research's nature and purpose."

In order to grant their informed permission, participants must have previous understanding of the task that is needed of them. People must also understand why they are needed to participate, what the benefits are, and how it will influence them. Furthermore, participants should be free to express their views on any topic that affects them; researchers may use incentives to encourage participation.

It should be used sparingly and cautiously; attempts should be made to minimize the impact of research activities on participants' normal working and workload; and participants have a right to know the results. It's a good idea to provide them a copy of the results that's written in a language they can comprehend. If this is not possible,

another method of telling participants about the outcomes, such as a website, should be used.

The right to anonymity is guaranteed to all participants. If the information of the subject deserves secrecy, it must be preserved at all costs. Even if the researcher is obligated to publish raw scores, anonymity and confidentiality must be maintained. The essential principle of honesty should underpin the researcher-participant relationship. Deception of any kind should be avoided at all costs. Participants are not always given all of the information since it is feared that this would influence their responses. In such cases, the goal should be notified to the appropriate authority as well.

#### **CHAPTER FOUR**

#### FINDINGS AND DISCUSSION

#### 4.1 Overview

The findings on the influence of leadership styles on employee performance in private firms are presented and discussed in this chapter, which includes a case study of SBC Tanzania Limited (Pepsi) Dar es Salaam. This study had four goals: to determine the effects of transformational leadership on Pepsi employees, to assess the effect of transactional leadership on Pepsi employees, to assess the effect of laissez-faire leadership on Pepsi employees, and to assess the effect of autocratic leadership on Pepsi employees.

The sample characteristics are described in Section 4.2. The study variables based on indicators are described in Section 4.3. The descriptive statistics, reliability, and correlation among study constructs are shown in Section 4.4. In Section 4.4, the regression results are presented, followed by a discussion of the findings in Section 4.7.

# 4.2 Descriptive Statistics for Sample Characteristics

Age distribution table 4.1 shows that majority of the respondents were middle aged employees 41- 50 who count of almost 35% of all respondents. They are followed up by 31-40 groups who count about 27%. Therefore the sample reveals that majority of respondents are middle aged respondents between the age of 31 and above who count more than 85 %. Youngsters below 30 years just count only 1/10<sup>th</sup> of sample.

Female table 4.1 appears the majority of the sample distribution. They count more than 2/3 of all respondents participated in this study. Table 4.1 explaining the demographic characterizes shows that majority of the respondents are married couples who count nearly 60% of all respondents. Single category is just nearly one third while others just 5 %. Thefore majority are family responsible participants.

On education category, majority of respondents are either bachelor or diploma degrees holders while the rest of respondents are masters degree holders who count about 7%. Experience shows that majority of respondents have been at Pepsi long enough. Above 5 years. Nearly 85% while those with less than 5 years are only 15 %.

**Table 4.1: Descriptive Statistics for the Sample** 

S/N		Frequency	%	Mean	Std. Dev.
	Age			2.6947	2.6947
1	18 - 30	13	13.7		
1	31 - 40	26	27.4		
	41- 50	33	34.7		
	51- 60	23	24.2		
2	Gender			1.6526	.47866
	Male	33	34.7		
	Female	62	65.3		
3	<b>Marital Status</b>			1.4421	.59637
	Married	58	61.1		
	Single	32	33.7		
	Others	5	5.3		
4	<b>Education Level</b>			3.6105	.62390
	Diploma	44	46.3		
	Bachelor	44	46.3		
	Masters	7	7.4		
5	Experience			2.4842	.99854
	1-5	15	15.8		
	6-10	39	41.1		
	11-15	21	22.1		
	16-20	20	21.1		

Source: Field Data (2021)

# 4.3 Descriptive Statistics for the Variables Results

Four independent variables were analyzed namely transformational leadership, transactional leadership, laissez-faire leadership and autocratic leadership. Lastly was the dependent variable employee's performance at Pepsi Dar es salaam. (Means, standard deviation, maximum and minimum scores were analyzed.

# 4.3.1 Descriptive Statistics for the Effect of Transformational Leadership Results

For the effect of transformational leadership style on employee performance at Pepsi scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were computed (table 4.2).

Table 4.2: Descriptive Statistics for the Effect of Transformational Leadership Results

	N	Minimum	Maximum	Mean	Std. Deviation
My supervisor makes others feel good to be around him / her	95	1.00	5.00	4.2842	.88321
I have complete faith in my supervisor	95	2.00	5.00	4.3895	.60661
I am proud to be associated with my supervisor	95	1.00	5.00	3.8105	.86657
My supervisor expresses in a few simple words what we could and should do	95	2.00	5.00	4.0211	.74347
My supervisor provides appealing images about what we can do	95	2.00	5.00	4.2737	.83082
My supervisor helps me find meaning in my work	95	2.00	5.00	3.3579	.81104
My supervisor enables others to think about old problems in new ways	95	1.00	5.00	4.2842	.88321
My supervisor provides others with new ways of looking at puzzling things.	95	2.00	5.00	4.3895	.60661
My supervisor gets others to rethink ideas that they had never questioned before.	95	1.00	5.00	3.8105	.86657
My supervisor helps others develop themselves	95	2.00	5.00	4.0211	.74347
My supervisor lets others know how he /she thinks we are doing	95	2.00	5.00	4.2737	.83082
My supervisor gives personal attention to others who seem rejected.	95	2.00	5.00	3.3579	.81104

Source: Data Analysis (2021)

My supervisor offers people with fresh ways of looking at perplexing things received the highest scores (M = 3.8105, SD = .60661), followed by My supervisor enables others to rethink concepts they had never questioned before (M = 3.8105, SD = .86657). The person with the lowest score was My supervisor pays special attention to others who appear to be rejected, and My supervisor assists me in finding purpose in my work (M = 3.3579, S.D = .81104), followed by My supervisor conveys what we could and should accomplish in a few simple words (M = 4.0211, SD = .74347).

## 4.3.2 Descriptive Statistics for the Effect of Transactional Leadership Results

For the effect of transactional leadership style on employee performance at Pepsi scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were generated (table 4.3). My boss is always satisfied when others fulfill agreed-upon criteria (M = 3.6000, SD = 1.27496), followed by my supervisor instructs others what to do if they want to be recognized for their job (M = 4.3684, SD = .48494). My supervisor receives recognition/rewards when others achieve their objectives, which received the lowest score. (M = 2.5579, S.D = 1.25237) that followed my supervisor draws attention to the rewards that others can receive for their efforts. (Mean = 3.1474, Standard Deviation = 1.32061).

Table 4.3: Descriptive Statistics for the Effect of Transactional Leadership Results

	N	Minimum	Maximum	Mean	Std. Deviation
My supervisor tells others what to do if they want to be rewarded for their work	95	4.00	5.00	4.3684	.48494
My supervisor provides recognition/rewards when others reach their goals.	95	1.00	5.00	2.5579	1.25237
My supervisor calls attention to what others can get for what they accomplish.	95	1.00	5.00	3.1474	1.32061
My supervisor is always satisfied when others meet agreed-upon standards	95	1.00	5.00	3.6000	1.27496
As long as things are working, my supervisor do not try to change anything	95	1.00	5.00	3.3368	1.32577
My supervisor tells us the standards we have to know to carry out our work	95	1.00	5.00	3.5474	1.22707

Source: Data Analysis (2021)

## 4.3.3 Descriptive Statistics for the Effect of Laissez Faire Leadership Results

The influence of a laissez-faire leadership style on employee performance at the Pepsi scale was studied using descriptive statistics (mean, standard deviation, minimum, and maximum scores) (table 4.4). In general, my supervisor believes it is best to leave subordinates alone (M = 4.2316, SD = .80494), followed by in most cases, I want less input from my supervisor (M = 3.9895, SD = 1.14385). The person with the lowest score was my supervisor usually permits me to evaluate my own work (M = 2.9263, M = 1.37796) before giving me entire autonomy to handle problems on my own (M = 3.3579, M = 1.28755).

Table 4.4: Descriptive Statistics for the Effect of Laissez Faire Leadership Results

	N	Minimum	Maximum	Mean	Std. Deviation
In complex situations my supervisor allows me to work my problems out on my own way	95	1.00	5.00	3.6000	1.40213
My supervisor stays out of the way as I do my work	95	1.00	5.00	3.6211	1.18662
As a rule, my supervisor allows me to appraise my own work.	95	1.00	5.00	2.9263	1.37796
My supervisor gives me complete freedom to solve problems on my own.	95	1.00	5.00	3.3579	1.28755
In most situations I prefer little input from my supervisor.	95	1.00	5.00	3.9895	1.14385
In general my supervisor feels it's best to leave subordinates alone.	95	1.00	5.00	4.2316	.80494

Source: Data Analysis (2021)

#### 4.3.4 Descriptive Statistics for the Effect of Autocratic Leadership Results

For the effect of autocratic leadership style on employee performance at Pepsi scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were obtained (table 4.5). My supervisor considers that the majority of employees in general are lazy received the highest score (M = 4.2737, SD = .70624), followed by

my supervisor issues commands and clarifies procedures (M = 4.1158, SD = .99854). My supervisor received the lowest grade because he believes that unless staff are tightly overseen, they are unlikely to complete their tasks. My supervisor is the chief judge of employee achievements (M = 3.5895, SD = .85670), followed by My supervisor is the chief judge of employee achievements (M = 3.5368, S.D = 1.15603).

**Table 4.5: Descriptive Statistics for the Effect of Autocratic Leadership Results** 

	N	Minimum	Maximum	Mean	Std. Deviation
My supervisor believes employees need to be supervised closely they are not likely to do their work.	95	1.00	5.00	3.5368	1.15603
As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives.	95	1.00	5.00	3.9579	.82405
I feel insecure about my work and need direction.	95	1.00	5.00	3.9579	1.14776
My supervisor is the chief judge of the achievements of employees.	95	2.00	5.00	3.5895	.85670
My supervisor gives orders and clarifies procedures	95	1.00	5.00	4.1158	.99854
My supervisor believes that most employees in the general population are lazy.	95	2.00	5.00	4.2737	.70624

Source: Data Analysis (2021)

# 4.3.5 Descriptive Statistics for the Effect of Employee Performance Results

For the employees' performance dependent variable at Pepsi scale, descriptive statistics (mean, standard deviation, minimum, and maximum scores) were obtained (table 4.6). Employees are carefully using time for work due to use of good leadership style at Pepsi (M = 4.2737, SD = .83082), followed by innovation has improved at Pepsi owing to use of good leadership style (M = 4.3684, SD = .48494). Employees at Pepsi are dedicated to their work due to positive leadership style (M = 3.3579, S.D = .81104) had the lowest score, followed by my rate of performance at Pepsi is Good (M = 3.8211, SD = .91068).

Table 4.6: Descriptive Statistics for the Effect of Employee Performance Results

	N	Minimum	Maximum	Mean	Std. Deviation
My rate of performance at Pepsi is Good	95	1.00	5.00	3.8211	.91068
My job productivity at Pepsi is good	95	1.00	5.00	4.0526	.92677
In relation to my peers my performance is better	95	1.00	5.00	4.1895	.97079
Timelines in task performance at Pepsi has improved as a result of good leadership style	95	2.00	5.00	4.2211	.71725
Absenteeism has decreased at Pepsi due to good leadership style	95	1.00	5.00	3.8316	.94140
More employees have been reported to surpass their targets at Pepsi due to good leadership style	95	2.00	5.00	4.0211	.74347
The employees are strictly using time for work due to use of good leadership style at Pepsi	95	2.00	5.00	4.2737	.83082
The employees at Pepsi are dedicated to their work due to favorable leadership style	95	2.00	5.00	3.3579	.81104
Innovation has improved at Pepsi due to use of good leadership style	95	4.00	5.00	4.3684	.48494

Source: Data Analysis (2021)

# 4.4 Variables Descriptive Statistics, Reliability and Correlation Analysis

Descriptive statistics were computed for transformational leadership using the cut-off points suggested in Albdour & Altaraweh (2014), adjusted to 7-point rating levels. Results (Table 4.7) indicate that transformational leadership overall, was highly affecting employee performance at Pepsi (M = 4.0228, S.D = .46421). Effect of transactional leadership was moderate (M = 3.4263, SD = .50278), effect of laizes faire leadership was moderate (M = 3.6211, SD = .55301), and the effect of autocratic leadership was also moderate (M = 3.9053, SD = .46232). The dependent variable Employees performance score was high mean score (M = 4.0152, SD = .43204). Therefore for the independent variable mean score transformational leadership style was found to have more effect while the rest were found to have moderate effect on employee performance.

Pearson coefficient correlation was done on the independent variables versus the dependent variable to test for connections using the original cut offs of Albdour and Altarawneh (2014). Employee performance was shown to be strongly and positively connected with transformational leadership (r = .869p.001). Employee performance was somewhat substantially and positively connected with transactional leadership style (r = .049, p < .05). Employee performance was found to be substantially connected with Laizes faire (r = 34, p < .01). Finally, autocratic leadership style was found to have a low significant and positive correlation with employee performance (r = .49 p < .05).

Scale test for reliability analysis was carried out to determine the internal consistency of the measurements scales. Cronbach's alphas (Table 4.7) in the diagonal show good internal consistency for the transformational leadership style (.859), transactional leadership style (.762), laizes faire leadership style (.938), autocratic leadership style (.781) and the dependent variable employee performance (.774) (George and Mallery, 2014).

Table 4.7: Descriptive Statistics Results for Reliability and Correlation Analysis

			STD.	TRANF	TRAN			
		MEAN	DEV.		S	LSZF	AUTO	EP
TRANF	Pearson Correlation	4.0228	.46421	.859				
TRANS	Pearson Correlation	3.4263	.50278	.076	.762			
LSZF	Pearson Correlation	3.6211	.55301	.246*	.267**	.938		
AUTO	Pearson Correlation	3.9053	.46232	.648**	.028***	.324**	.781	
EP	Pearson Correlation	4.0152	.43204	.869***	.049*	.34**	.49*	.774

<sup>\*</sup>p < 0.05 (two - tailed), \*\*p < 0.01 (two - tailed) \*\*\*p < 0.001 (two - tailed)

**TRANSF** = Transformational Leadership, **TRANS** = Transactional Leadership,

**LSZF** = Liaises faire Leadership **AUTO** = Autocratic Leadership and **EP** =

**Employees Performance** 

# 4.5 Multiple Regression Analysis Results

The effect of leadership styles (independent variables) on employee performance was estimated using multiple regression analysis (dependent variable). Tables 4.8-4.10 present the findings. Table 4.10 summarizes the model, with the corrected R2 statistics (.899) being of particular importance. This means that 89.9% of the difference in employee performance can be attributed to leadership styles.

**Table 4.8: Model Summary** 

					Change	Statisti	cs		
Mode			Adjusted R	Std. Error of	R Square				Sig. F
1	R	R Square	Square	the Estimate	Change	F Change	df1	df2	Change
1	.948ª	.899	.895	.14032	.899	200.275	4	90	.000

a. Predictors: (Constant), AUTO, TRANS, LSZF, TRANF

b. Dependent Variable: EP

\*p < 0.05 (two - tailed), \*\*p < 0.01 (two - tailed) \*\*\*p < 0.001 (two - tailed)

**TRANSF** = Transformational Leadership, **TRANS** = Transactional Leadership,

**LSZF** = Liaises faire Leadership **AUTO** = Autocratic Leadership and **EP** =

**Employees Performance** 

Source: Data Analysis (2021)

The findings of the analysis of variance (ANOVA) are shown in Table 4.9. It's also referred to as model fit outcomes. The F-statistics and their related sig. value are of particular interest in this table. The F-statistics is 200.275 percent (p < 0.001), according to the results. The findings support the model's prediction that "the model has power to predict employee performance from leadership style scores." As a result,

it appears that the model may accurately predict employee performance based on leadership style scores.

**Table 4.9: Anova Results** 

**ANOVA**<sup>a</sup>

	Mean						
Model	Sum of Squares	df	Square	${f F}$	Sig.		
1 Regression	15.774	4	3.943	200.275	.000b		
Residual	1.772	90	.020				
Total	17.546	94					

a. Dependent Variable: EP

b. Predictors: (Constant), AUTO, TRANS, LSZF, TRANF

\*p < 0.05 (two - tailed), \*\*p < 0.01 (two - tailed) \*\*\*p < 0.001 (two - tailed)

**TRANSF** = Transformational Leadership, **TRANS** = Transactional Leadership,

**LSZF** = Liaises faire Leadership **AUTO** = Autocratic Leadership and **EP** =

**Employees Performance** 

The coefficients of the regression model are presented in Table 4.10. The coefficients demonstrate that transformational leadership predicts employee performance positively, with a standardized B = .510 (p < 0.001) value. According to these findings, the performance of employees whose direct supervisor demonstrated transformational leadership characteristics improved by 89.9%. The findings also suggest that transactional leadership style B = .020 (p < 0.01) significantly and positively predicts employee performance. B = .052 (p 0.001), Laissez fair leadership style likewise significantly and favorably predicts employee performance. Finally, autocratic leadership style shows a low significant and positive relationship with employee performance (B = .442, (p 0.001).

**Table 4.10: Regression Coefficients** 

Unstandardized		Standardized					
	Coefficients		Coefficients			Collinearity Statistics	
Model	В	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	.121	.168		.720	.473		
TRANF	.510***	.041	.548	12.414	.000	.577	1.734
TRANS	.020**	.030	.024	.677	.034	.921	1.086
LSZF	.052*	.029	.066	1.793	.000	.828	1.208
AUTO	.442**	.042	.473	10.448	.000	.547	1.828
	(Constant) TRANF TRANS LSZF	Coeff  Model B  (Constant) .121  TRANF .510***  TRANS .020**  LSZF .052*	Coefficients       Model     B     Std. Error       (Constant)     .121     .168       TRANF     .510***     .041       TRANS     .020**     .030       LSZF     .052*     .029	Model         B         Std. Error         Beta           (Constant)         .121         .168           TRANF         .510***         .041         .548           TRANS         .020**         .030         .024           LSZF         .052*         .029         .066	Coefficients           Model         B         Std. Error         Beta         t           (Constant)         .121         .168         .720           TRANF         .510***         .041         .548         12.414           TRANS         .020**         .030         .024         .677           LSZF         .052*         .029         .066         1.793	Coefficients           Model         B         Std. Error         Beta         t         Sig.           (Constant)         .121         .168         .720         .473           TRANF         .510***         .041         .548         12.414         .000           TRANS         .020**         .030         .024         .677         .034           LSZF         .052*         .029         .066         1.793         .000	Coefficients         Coefficients         Collinearity           Model         B         Std. Error         Beta         t         Sig.         Tolerance           (Constant)         .121         .168         .720         .473           TRANF         .510***         .041         .548         12.414         .000         .577           TRANS         .020**         .030         .024         .677         .034         .921           LSZF         .052*         .029         .066         1.793         .000         .828

a. Dependent Variable: EP

**TRANSF** = Transformational Leadership, **TRANS** = Transactional Leadership,

**LSZF** = Liaises faire Leadership **AUTO** = Autocratic Leadership and **EP** =

**Employees Performance** 

# 4.6 Outliers, Normality, Linearity and Homoskedasticity Regression Assumptions Testing Results for Ethics

The distribution of residuals is represented by a bell-shaped curve in the histogram (figure 4.1). (Mean is close to 0 and SD close to 1, evidencing of a normal distribution of residuals). In addition, residuals plot along the diagonal line, as seen in Figure 4.2. As a result, there isn't much departure from the usual. The histogram (Figure 4.1) reveals that some of the residual values are within the 3 cutoff, indicating that there are no outliers. Any value outside the cutoff of |3|, according to Tabachnick and Fidell (2007), is an anomaly.

The diagonal dots in Figure 4.3 are speeded up along the diagonal line, indicating that the data is linear.

<sup>\*</sup>p < 0.05 (two - tailed), \*\*p < 0.01 (two - tailed) \*\*\*p < 0.001 (two - tailed)

The case residual dots are dispersed rectangularly about zero (0) in Figure 4.3, implying homoscedacististy (equality of variance). As a result, there is no reason to suspect heteroscedasticity (unequal variance in the data).

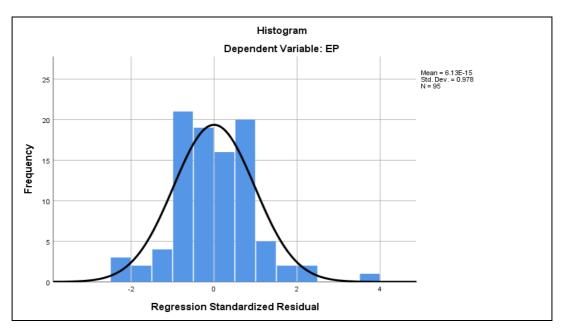


Figure 4.1: Histogram

Source: Data Analysis, (2021)

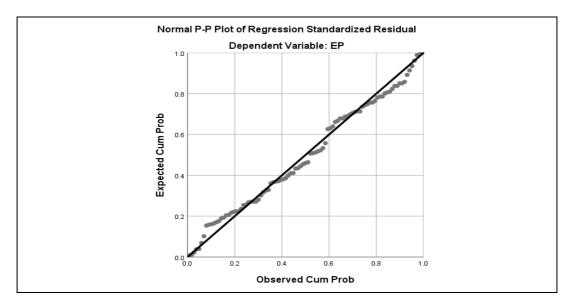


Figure 4.2: Normal P-Plots for the Standardized Residual Variables

Source: Data Analysis (2021)

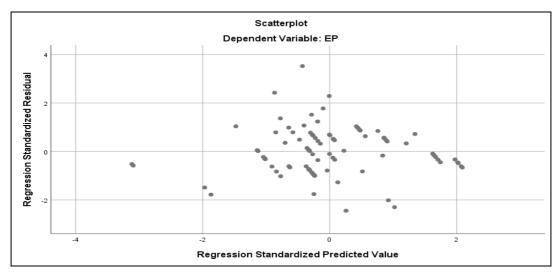


Figure 4.3: Scatter Plot for the Standardized Residual for Variables

Source: Data Analysis (2021)

## 4.7 Discussion of the Findings

The goal of the study was to see how different leadership styles affected employee performance at Pepsi in Dar es Salaam. Data was analyzed using descriptive statistics, as well as correlation and multiple regression analysis. The discussion elaborates the findings information as created by data analysis and compares or contrasts the current findings with what has been discovered in prior relevant studies, all while focusing on the study objectives. Each finding's contribution is displayed. As a result, it facilitates a clear and in-depth knowledge of the effects of leadership styles such as transformational, transactional, laissez-faire, and authoritarian leadership styles on Pepsi's teaching performance.

# 4.7.1 To Determine the Effects of Transformational Leadership on Employee Performance at SBC Tanzania Limited (Pepsi) Dar es Salaam

At PepsiCo, the study discovered that transformative leadership had a significant impact on staff performance (highest mean score). When the Pearson coefficient correlation and regression analysis were looked at, it was discovered that

transformational leadership was strongly and positively associated to employee performance. These findings confirm the contingency hypothesis, which states that environmental circumstances affect the relationship between leadership style and organizational outcomes. Therefore outcomes cannot be anticipated by leadership style unless situational elements are acknowledged (Cheng & Chan, 2002). According to Aboshaiqah et al., staff nurses believe transformational leadership and related features are used more frequently than transactional and laissez-faire leadership approaches (2015). A positive association between outcome factors was established after more investigation. Effectiveness, extra effort, and satisfaction are the three factors. They have a negative link with laissez-faire leadership styles, as well as transformational and transactional leadership styles.

Furthermore, according to Kehinde and Banjo (2014), "transformational leadership style" would provide positive results in firms since it pushes employees to go beyond usual expectations. Transformational leadership, according to Hayward et al., is more effective than transactional leadership in enhancing employee performance (2018). According to the researchers, there was a significant positive linear association between transformational leadership and employee performance, but not between transactional leadership and employee performance.

# 4.7.2 To Evaluate the Effect of Transactional Leadership on Employee's

#### Performance at SBC Tanzania Limited (Pepsi) Dar es Salaam

The impact of transactional leadership was determined to be moderate in the study (mean score). When Pearson coefficient correlation and regression analysis were used to look at transactional leadership style, it was shown to be fairly significant and

positively connected with employee performance. The findings support transactional leadership theory, which posits that managers provide employees with what they want in exchange for something they want. Workers, according to this notion, are not self-motivated and require structure, guidance, and supervision in order to complete work correctly and on time (Odumeru, & Ogbonna, 2013). This study's findings are supported by Ademollah (2020), who discovered that transactional leadership, as described in this study, has a significant positive relationship with employee performance, with the exception of authoritative leadership style, which has an insignificant negative relationship with employee performance.

However, Dias and Borges (2017) discovered that leaders believe transformational leadership has a direct impact on team performance, which supports the literature. The transactional traits of the leaders, rather than transformational ones, have a direct impact on the level of team performance for the followers. The findings also show that the government's performance evaluation system may be overpriced, as both leaders and non-leaders believe their own team's performance is lower than the officially measured performance.

# 4.7.3 To assess the Effect of Laissez-Faire Leadership Style on Employee Performance at SBC Tanzania limited (Pepsi) Dar es Salaam

The effect of laizes faire leadership on Pepsi employee performance was moderate, according to this study. The Lassez affair leadership style of Laize had a small but substantial relationship with Pepsi employee performance. According to regression analysis and Pearson coefficient correlation. According to the Laissez faire idea, laissez-faire CEOs have a trusting and reliant attitude toward their employees. They

don't micromanage or become overly involved, and they don't provide excessive guidance or advice. They provide orders and take responsibility when needed, but their management style encourages subordinates and team members to take the lead. Deluge is a phrase used to describe a flood (1990). Nuhu (2019) discovered a strong correlation between laissez-faire leadership and employee performance, corroborating the findings of this study. Because most employees believed that making them feel at ease at work was more important than bossing them about like children. He does, however, claim that laissez-faire leadership was used primarily in high management.

# 4.7.4 To Evaluate the Effect of Autocratic Leadership on Employee Performance at SBC Tanzania Limited (Pepsi) Dar es Salaam

The influence of authoritarian leadership was also found to have a moderate effect in this study (mean score). The autocratic leadership style was also shown to be low significantly and positively associated to employee performance when the Pearson coefficient correlation and regression analysis were examined. According to the autocratic leadership hypothesis, also known as the authoritarian leadership theory, seizing command of a group in the same way that a dictator might take command of a country is possible.

An authoritarian boss will disregard the opinions of her employees and make all high-level decisions on her own (Van Vugt, et al, 2004). After conducting a study in Uganda on the effect of leadership styles on local government performance with a case study of Mbale District, Gimuguni et al. (2014) discovered a moderately positive and significant relationship between the three leadership styles (autocratic, lassiesfaire, and democratic) and performance in Mbale local government. They came to the

conclusion that autocratic leadership is useful in the short term and democratic leadership is useful over a long period of time. And a participative leadership style is most beneficial in the long run, with a good impact on employees. Ipas (2012) also discovered that autocratic leadership is the most common style used by managers to achieve expected outcomes. They also underlined the need of managers figuring out a strategy to help people improve their own performance. However, Nuhu (2019) discovered that employee performance is strongly and significantly connected with authoritative leadership style. Most employees believed that authoritative leadership was autocratic (coercive) in nature, whereas other types of leadership were more humanistic in nature.

#### **CHAPTER FIVE**

# CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

## 5.1 Overview

The study's main purpose was to evaluate how four leadership styles namely; transformational, transactional, laissez-faire, and autocratic influenced employee performance at Pepsi. A sample of 95 employees was selected from a study population of 200 Pepsi employees for a cross-section descriptive survey research approach. Using a standardized questionnaire, the sample's primary data was collected.

To measure leadership styles, the Multi Factor Leadership Questionnaire, developed by Avolio and Bass (1995) and tailored to the study's circumstances, was employed. Employee performance was evaluated using the Yousef scale (2000). Descriptive and inferential statistical techniques were used to analyze the data. Inferential statistics were used to assess both relationships and effects according to the study's assumptions, using Pearson's correlation and regression analysis. This chapter contains the chapter's conclusions, repercussions, and suggestions. Section 5.2 summarizes the findings, Section 5.3 analyses the conclusions and recommendations, Section 5.4 gives recommendations, and Section 5.5 closes with the study's limits and future research ideas.

# 5.2 Summary of Key Findings

Transformational leadership is the most common style at Pepsi, followed by transactional leadership and laissez-faire leadership, according to the research. The

employees' performance is above average. Except for the intellectual simulation component, which showed a negligible positive relationship with performance quality, transformational leadership style ratings were shown to be significantly connected with both employee and overall performance.

Transactional leadership style was found to be strongly linked to employee performance as well as overall performance. Contingent rewards, on the other hand, had a weak but significant negative relationship with performance, whereas management had a weak but large positive relationship with performance. There was a significant positive relationship between authoritative and laissez-faire leadership styles.

Employee performance was greatly influenced by transformational leadership style, whereas employee performance was influenced by transactional leadership style. At Pepsi, authoritative and laissez-faire leadership styles had no discernible detrimental or positive effects on employee performance.

# **5.3** Conclusions and Implications

According to the study's findings, supervisors who want to see their employees perform better should adopt the transformation leadership style more frequently than the other styles. The research demonstrated that transformational leadership has the largest impact on employee performance, that performance leads to improved performance, and that transformational leadership is more relevant than the other two leadership styles. In actuality, these findings have far-reaching implications.

It's important to emphasize that transformational and transactional leadership are not diametrically opposed ideas, but rather complimentary beliefs. Because both leadership styles are effective. Given the success of each leadership style, if they combine and operate both styles, they will reap the rewards. Of course, it's important to remember that relying solely on a leader's approach might have negative and possibly unforeseen implications. Transactional leadership, for example, will lower employee enthusiasm, satisfaction, work ethics, and efforts, preventing their performance regardless of their motivation and innovation.

Furthermore, a heavy reliance on transformational leadership combined with a lack of rewards and direction can lead to employee uncertainty and ambiguity. Autocratic leadership was more successful in a fixed setting and less successful in a dynamic environment than transformational leadership, according to the other effects of leadership style in an organization. Transformational leadership, on the other hand, creates a dynamic empowerment culture with active, strong, dynamic, and inventive features through institutional mechanisms such as remuneration, communication, organizational rules and procedures, and methodologies. This culture leads transformational leadership to operate more successfully in dynamic contexts whereas pragmatic leadership fails to act in stationary circumstances.

As a result, it's critical for managers to mix both transformational and pragmatic leadership styles. In fact, transformational leadership and pragmatic leadership rewards can boost motivation, effort, and follower satisfaction. A leader must be able to govern (pragmatic leadership) and transform the organization (transformational leadership). Management skills can assist managers in thinking more effectively about

common difficulties in the workplace. While his leadership talents (transformational leadership) can assist him in providing feelings and motivation for the same issues.

Therefore, Managers should be trained to apply both types of leadership, and with the growing need for new leadership skills and competencies as a result of community changes, a leadership training program is more necessary than ever. To have a good impact on overall performance, according to Bass and Avolio (2004), transformational leadership should be taught to all people at all levels of the business. Training, on the other hand, has been demonstrated to strengthen both transformational and transactional leadership, according to research. As a result, organizations should give special attention to educational issues.

## 5.4 Recommendations

Employees at Pepsi are expected to deliver, and bosses demand the same from their subordinates. The results of this poll indicated what employees anticipate from their bosses as well as the kind of leadership qualities they like. Through the development of leadership behavior, this data could be used to establish leadership strategies and solve organizational needs. Based on the findings, some strategies for improving supervisory leadership and staff performance could be proposed.

It was discovered that transformative leadership behavior resulted in higher employee performance. Leaders and supervisors should be aware of what is essential to their subordinates and the organization as a whole, and encourage people to think creatively about the opportunities and difficulties they face. Supervisors should have their own visions and plans for developing followers, working in groups, and championing teamwork spirit.

Supervisors should be innovative and push their subordinates to seek out new ideas and possibilities rather than settling for performance that meets expectations. Supervisors should be aware of their followers' beliefs and work to develop business strategies, plans, processes, and practices for their department or unit that will increase employee well-being. Building a strong relationship between leaders and employees requires a high level of respect for individuals. Employees seek to emulate their supervisor's idealized leadership behaviors since it can help them perform better. Employees want to see more idealized characteristics in their bosses, thus bosses should take steps to instill faith in their subordinates. Beyond self-interest, they should interact with working groups and individuals. It's important to project a sense of assurance and control over the workloads.

Pepsi employee performance will suffer as a result of the supervisor's assertive leadership style. As a result, they should endeavor to avoid this leadership style. Supervisors, on the other hand, should set clear expectations for their subordinates and set goals and criteria for them to meet. They should not wait until problems worsen before acting/taking action; instead, they should monitor performance on a regular basis. Supervisors should aim to intervene as quickly as possible whenever a problem emerges. Supervisors should respond quickly to critical questions and make accurate conclusions. They should not be scared to participate in problem-solving activities.

Transformational leadership, transactional leadership, and authoritative leadership all have strong relationships with employee performance, according to the results of the correlation analysis. Employee productivity, quality, and overall performance all demonstrated high and positive relationships with transformational leadership.

Employee performance was favorably connected with a range of transformational leadership behavior variables.

As a result, as previously said, leaders and supervisors should be aware of the importance of transformational leadership and work to put it into practice. The presence of authoritative leadership had a negative impact on employee performance. It was obvious that authoritarian leadership was not a good way to lead. As a result, supervisors should try to stay away from this strategy. Supervisors should learn more about how employees perceive leaders' actions and how these actions effect employee performance. According to the findings of the current study, leadership development programs could help leaders understand the relationships between effective leadership styles and employee performance.

Specific training programs or professional mentorship for supervisors and leaders might be developed by organizations. Professionals and trainers can use the findings of this study to construct leadership development training programs. An organization can give a leadership training program or interventions to strengthen supervisory leadership. The leadership training program can be adapted to the needs of both people and companies to get the most out of such programs. Employees require psychological therapies to clarify their supervisory relationships. The impact of leadership styles on employee loyalty and performance is also discussed. The importance of feedback, as well as the leader's daily practice, are among them. Employees should be involved in decision-making, and leadership development, training, and teamwork facilitation should be provided by the organization and supervisors. Furthermore, regulations and practices linked to rewards or feedback

systems in firms may be adjusted to match the demands of employees in order to increase employee performance.

# 5.5 Limitations and Suggestions for Future Research

The impact of varied cultural distributions on supervisor-employee relationships was the study's main flaw. The study was conducted at Pepsi CBS Dar es Salaam, and it was required to examine Pepsi CBS Dar es Salaam employees' values and beliefs, as well as how this influenced individual roles in the workplace. The impact of culture on leadership decisions could have both practical and theoretical implications, especially in light of globalization. When it comes to supervisory leadership, another study flaw was the employees' personalities and preferences. Personality and personal preferences influence people's perceptions of leadership styles and relationships with supervisors. In the current study, these variables were not taken into account.

A downside was the small sample size. To a certain extent, conclusions and broad generalizations were conceivable. Because the subjects in the study were Pepsi employees. It was difficult to extrapolate the findings of this investigation to other populations. Some recommendations for further research are made in regard to the current study. The impact of organizational culture on the link between leadership styles and employee performance should be the subject of future research. How to incorporate leadership development in firms or industries with diverse cultures is also discussed. It has the ability to increase employee loyalty and organizational productivity. The current study's conclusions differed slightly from those of previous studies since some of the earlier experiments were conducted against a western cultural context. The impact of culture should be examined further in future studies.

Second, while the effects of gender and personality on perceptions of leadership behaviors were not examined in this study, they would have an impact on the relationships between leadership styles and employee performance. Investigating the impact of gender differences on these qualities could provide leaders with additional insight into how to adapt leadership approaches in the workplace to meet the needs of different demographic groups. As a result, it's a good idea to look at the impact of demographic differences on the perception of leadership behaviors while developing leadership training programs.

Finally, this study investigated how different leadership styles influenced employee performance. The high level of employee performance was due to the supervisor's leadership style, but there are still other factors that influence employee performance. Instead than focusing on just a few leadership styles, future research should look into other factors that influence employee success.

In conclusion, Pepsi SBC should focus more on improving supervisors' management and leadership skills, as well as monitoring the supervisor-employee relationship, according to the conclusions of this study. In order to get extraordinary achievements, Pepsi SBC needs devise specific strategy and management procedures.

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# **APPENDICES**

# **Appendix I: Questionnaires**

I am I am Ally Uledi Ally, a Master student at Open University of Tanzania. I am doing research on the assessment of the Effects of Leadership styles on Employees performance'. You are being part of the Pepsi employees I anticipate you have very potential information that can assist me to complete the research task ahead of me. Please cooperate.

# **Respondent's Individual Profile**

a)	Age	(1)18 - 30	(2) 31 - 40	(3) 41 - 50	(4) 51 – 60	(5) 61 and
						above
b)	Gender	(1)Male	(2)Female			
d)	Education level	1.Certificate	2.Diploma	3.Degree	4.Masters	5.PhD
e)		(1)1 - 5 years	(2)6-10	(3)11-15	(4)16-20	(5)Above 20
			years	years	years	years

While filling up this questionnaire, please **encircle** the rating number  $\{1, 2, 3, 4, \text{ or } 5\}$  that represents your excellent level of agreement with each statement where 1 =

# Strongly Disagree 2 = Disagree 3 = Neither Disagree nor Agree 4 = Agree 5 = Strongly Agree.

Code	Effects of transformational leadership on	SD	D	N	A	SA
	employee performance at Pepsi					
TRANFO1	My supervisor makes others feel good to be	1	2	3	4	5
	around him / her					
TRANFO2	I have complete faith in my supervisor	1	2	3	4	5
TRANFO3	I am proud to be associated with my	1	2	3	4	5
	supervisor					
TRANFO4	My supervisor expresses in a few simple	1	2	3	4	5
	words what we could and should do					
TRANFO5	My supervisor provides appealing images	1	2	3	4	5
	about what we can do					
TRANFO6	My supervisor helps me find meaning in my	1	2	3	4	5
	work					
TRANFO7	My supervisor enables others to think about	1	2	3	4	5
	old problems in new ways					
TRANFO8	My supervisor provides others with new ways	1	2	3	4	5
	of looking at puzzling things.					
TRANFO9	My supervisor gets others to rethink ideas that	1	2	3	4	5
	they had never questioned before.					
TRANFO10	My supervisor helps others develop	1	2	3	4	5
	themselves					
TRANFO11	My supervisor lets others know how he /she	1	2	3	4	5
	thinks we are doing					
TRANFO12	My supervisor gives personal attention to	1	2	3	4	5
	others who seem rejected.					

Code	Effect of Transactional Leadership on	SD	D	N	A	SA
	Employee Performance at Pepsi					
TRANS1	My supervisor tells others what to do if they	1	2	3	4	5
	want to be rewarded for their work					
TRANS2	My supervisor provides recognition/rewards	1	2	3	4	5
	when others reach their goals.					
TRANS3	My supervisor calls attention to what others	1	2	3	4	5
	can get for what they accomplish.					
TRANS4	My supervisor is always satisfied when others	1	2	3	4	5
	meet agreed-upon standards					
TRANS5	As long as things are working, my supervisor	1	2	3	4	5
	do not try to change anything					
TRANS6	My supervisor tells us the standards we have to	1	2	3	4	5
	know to carry out our work					

Code	Effect of laissez-faire leadership style on	SD	D	N	A	SA
	employee performance at Pepsi					
LSZF1	In complex situations my supervisor allows me	1	2	3	4	5
	to work my problems out on my own way					
LSZF2	My supervisor stays out of the way as I do my	1	2	3	4	5
	work					
LSZF3	As a rule, my supervisor allows me to appraise	1	2	3	4	5

	my own work.					
LSZF4	My supervisor gives me complete freedom to	1	2	3	4	5
	solve problems on my own.					
LSZF5	In most situations I prefer little input from my	1	2	3	4	5
	supervisor.					
LSZF6	In general my supervisor feels it's best to leave	1	2	3	4	5
	subordinates alone.					

Code	Effect of autocratic leadership on employee	SD	D	N	A	SA
	performance					
AUTO1	My supervisor believes employees need to be	1	2	3	4	5
	supervised closely they are not likely to do					
	their work.					
AUTO2	As a rule, my supervisor believes that	1	2	3	4	5
	employees must be given rewards or					
	punishments in order to motivate them to					
	achieve organizational objectives.					
AUTO3	I feel insecure about my work and need	1	2	3	4	5
	direction.					
AUTO4	My supervisor is the chief judge of the	1	2	3	4	5
	achievements of employees.					
AUTO5	My supervisor gives orders and clarifies	1	2	3	4	5
	procedures					
AUTO6	My supervisor believes that most employees in	1	2	3	4	5
	the general population are lazy.					

# **Part C: EMPLOYEE PERFOMANCE**

The sets of statements aimed at helping you assess your performance at your job in the company. You are requested to rate yourself against each statement to indicate your self assessment of your own performance, where the following ratings are:

$$1 = \text{very low}$$
  $2 = \text{low}$   $3 = \text{Average}$   $4 = \text{high}$   $5 = \text{very high}$ 

Please place a tick ( $\sqrt{}$ ) or a mark (x) in the box (cell) that represents your appropriate level of performance rating.

Code	Employee performance scale	SD	D	N	A	SA
EP1	My rate of performance at Pepsi is Good	1	2	3	4	5
EP2	My job productivity at Pepsi is good	1	2	3	4	5
EP3	In relation to my peers my performance is better	1	2	3	4	5
EP4	Timelines in task performance at Pepsi has improved as a result of good leadership style	1	2	3	4	5
EP5	Absenteeism has decreased at Pepsi due to good leadership style	1	2	3	4	5
EP6	More employees have been reported to surpass their targets at Pepsi due to good leadership style	1	2	3	4	5
EP7	The employees are strictly using time for work due to use of good leadership style at Pepsi	1	2	3	4	5
EP8	The employees at Pepsi are dedicated to their work due to favorable leadership style	1	2	3	4	5
EP9	Innovation has improved at Pepsi due to use of good leadership style	1	2	3	4	5