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EFFECTS OF TRANSFORMATIONAL LEADERSHIP ON ORGANIZATIONAL INNOVATION IN ETHIOPIAN ELECTRIC UTILITY

BY
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DECLARATION

I, the under signed, declare that this thesis is my original work, prepared under the guidance of Dr.Tilaye Kassahun (Asst.Professor). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name   Signature & Date

ENDORSEMENT

This is to certify that this project work, **"Effects of Transformational Leadership on Organizational Innovation at Ethiopian Electric Utility"**, undertaken by Helen Mekonnen for the partial fulfillment of Masters of Business Administration [MBA] at St. Mary University, is an original work and not submitted earlier for any degree either at this University or any other University.

Research Advisor   **Signature & Date**

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Acronyms/Abbreviations

EEPCO= Ethiopian Electric Power Corporation.

EEU = Ethiopian Electric Utility

EEP= Ethiopian Electric Power

TL = Transformational Leadership

SPSS= Statistical Package for Social Science.

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Abstract

It is identified that in the past decade, transformational leadership which has become a new paradigm of leadership has become a popular research subject. After the theory is introduced, different writers worked on it in different perspectives. Transformational leadership asserts mobilizing people to the common good through creating a safe place and making integration with ethics, morality and integrity. On the other hand, the relationship between Transformation Leadership and organizational innovation has been studied by different scholars and its positive impacts on innovation have been supported by several empirical evidences. This paper aims to identify the correlation of transformational leadership with organizational innovation at Ethiopian Electric Power Utility and how leaders practices transformational leadership. Data are gatheredfrom the head office Managers & colleagues of EEU through formal interviews and questioners. By applying Nyabwanaga, R., and Ojera sampling techniques a total of 113 employees participated in the study. Qualitative data analysis with the support of interviews and theoretical frameworks has been done. Furthermore, widely quantitatively simple linear regression model were developed through different variables. Results showed that there is a positive correlation between Transformational Leadership and the three dimensions namely individualized considerations, inspirational motivation and intellectual stimulation, in Ethiopian Electric Utility. Thus EEU mainly expected to do on the idealized influence which is not actually practice on the organization, in order to benefit more of the leadership style adopted. Even though transformational change demands both structural and contently, the research finds out that only structural change has done in EEU.

Key words: *Transformational Leadership, Organizational Innovation, EEPCO**, EEU*

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CHAPTER 1
INTRODUCTION

Transformational leadership has been one of the focuses of management especially with regard to on the improvement of management principles and procedures. "Woodrow Wilson called for leaders who, by boldly interpreting the nation's conscience, could lift a people out of their everyday selves. That people can be lifted into their better selves is the secret of transforming leadership./http://www.cio.com/ - James MacGregor Burns. He said this on the speaking transformational leadership who was a presidential biographer and a leadership expert even more who is credited with creating the concept itself.

Ethiopian Electric Power Corporation EEPCO is the one and only company which provides light to the country disbursed throughout the country. Realizing the indispensable role of dealing with transformational leadership for organizational innovation through team cohesiveness is the thing which has been one of the major missions of the company for the past three years. ./EEPCO Annual Reports 2012/13/

Though EEPCO has an advantage of being a monopoly in that it is the only authority responsible for power source, still seeing the broader activities of the company and the need to portray itself as an advanced organization in terms of leadership, focus of management is currently bestowed on relationship among transformational leadership and organizational innovation. So by having this big agenda studying affiliations among such factors is essential. Any unpleasant relation created between what the company expects to step on organizational innovation and the team cohesiveness effort to bring the transformational leadership implementation will result in the company to went backward after all the costs spend to manifest the style. According to the researcher opinion one of the major reasons to overcome such fail is to develop the harmony of the variables under discussion in cooperative manner.

As literature says the success of transformational leadership is a lot dependent on organizational innovation plan. Team cohesiveness is a way to manifest the management style in achieving the goal of innovation. Employees in service organizations are crucial in the building of excellence in any change the company entitled to. Ultimately, the success of bringing new management style often depends upon the performance of its frontline employees. So a major issue for

transformational leadership should be to retain team cohesiveness in general, and specifically those employees who are interactive have a potential to convey excellent impact on organizational innovation./Bernard.M.Bass & Ronald.E., 2006)

Before we see transformational Leadership, it is better to define what leadership is, leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more successful Northhouse(2002). As being the latest style transformational leadership becomes a process that changes and transforms individuals or organizations from current state to the new one Northhouse(2001). The transformational leader encourages followers by acting as a role model, motivating through inspiration, stimulating intellectually, and giving individualized consideration to their needs and goals.

Many researchers found that leadership style is one of the most influential factors that have an impact on creativity behavior and performance Amabile, (1998); Jung, (2001); Mumford & Gustafson(1988), thus, affecting organizational innovation. Therefore, transformational leadership could make the organization more successful by transforming the whole entities towards organizational innovation.

The transformational leader encourages followers by acting as a role model, motivating through inspiration, stimulating intellectually, and giving individualized consideration to their needs and goals. The issues that has been dealt with explored briefly how transformational leadership affects important issues in today's organizations such as delegation, teamwork, decision making, total quality management and corporate reorganization

As well the general background on leadership and innovation as well as an overview of the scenario in Ethiopia has been enclosed herein with.

1.1 BACK GROUND OF THE STUDY

Today organizations come across with rapid technological change, global economic environment shortening product life cycle, globalization and widely access to information. These factors lead to high product features and better services (Brett and Okumura, 19980. Thus for survival, chase to new trends and organizational growth and reduce pressures on organization neet to be more innovative than before. In this situation organizational innovation through employee creativity plays very significant position for a strong economy and the success and competitive advantage of organizations (Drucker, 1985; Woodman et al., 1996). According to Amabile et al (1996, p-1155), "all innovation begins with creative ideas". Having creative ideas and developing that beyond its initial state may support to positive implementation of new programs, new product introductions or new services in the organization.

Organizations must be more creative and innovative than before in order to survive, to compete, to grow, and to lead (Jung et al., 2003). According to Woodman et al. 91993) , innovation in the course of creativity plays a significant role in achieving success and creating competitive advantage at an industry level. Furthermore, innovation can have positive impact not only at an industry level but also at a country level. Drucker (1985) states that organizations having innovative abilities will make the economy they are part of it stronger.

One of the forces emphasized on its importance by researchers in affecting creativity of employees is leadership (Ambabile, 1998; Jung, 2001;Mumford and Gustafson, 1988; Scott and Bruce, 1994; Tierney, Farmer, and Graen, 1999). Reviewing the literature on leadership and innovation reveals that the most significant style of leadership influencing creativity is transformational leadership (Sosik, Kahai and Avolio, 1999). According to Bass (1995), transformational leadership can increase expectations about the followers' performance.

Furthermore, it aims to transform the personal values and self-concepts of followers and shift them to a new level of needs and aspirations (Jung 2001).

There are limited studies tested this relation (Jung, Chow, and Wu, 2003; Jung, 2001; Sosik, Kahai, and Avolio, 1998; Shin and Zhou, 2003; Mumford, Scot, Gaddis; and Strange, 2002). Likewise, the findings of those limited studies are different and that calls for more empirical studies to examine this relation. On the basis of this gap, the study based on the effects of

transformational leadership on followers' creativity and organizational innovation and the study may be one of the first studies that apply such kind of relation.

1.2 BACK GROUND OF THE ORGANIZATION

The year 1948 was the starting date of operation for the Ethiopian Electric Power Corporation as public enterprise. It was established for indefinite duration by regulation No. 18/1997, and conferred with the powers and duties of the previous Ethiopian Electric Light and Power Authority. The purpose of the corporation is to engage in the business of producing, transmitting, distributing and selling electrical energy(in accordance with economic and social development policies and priorities of the government) and to carry on any other related activities that would enables it achieve its purpose.

This research has focused on the affiliation of transformational leadership & organizational innovation in the case of EEU As stated on literatures and practice shows there are interdependent of these variables within organization a lot. Such relationship includes the interrelated issues of one to the other. The major opportunity cost in connection to being interrelated is unless keeping it in harmony it imposes on the organizations future./ http://www.cio.com/article/ as stated by Greg Stewar.

1.3 STATEMENT OF THE PROBLEM

Globalization of economic environment and the increasing demand for varieties of product features, quality and services have pressured companies to change the way organizations function and respond. As a result, innovation effort is needed for organization to stay competitive in the industry and for innovation to take place, organization need to work on team cohesiveness and have effective leaders to transform the people.

The role of leadership as a determinant of organizational creativity and innovation has become more important with the increasing intricacy of work processes and competitive business environment Dess & Picken(2000).

Furthermore, with rapid technological change, organizations cannot afford to ignore the emphasis in striving for creativity and innovation. In fact, organizational creativity and innovation are more important than before. Competition, growth and leadership to remain successful in the industry. Jung, Bass, Avolio & Berson(2003); Tierney, Farmer & Graen(1999).

Organizational innovation has recently attracted greater attention and emphasis in service giving companies due to the need for new products and service to survive in competitive business environment. However, execution of innovative ideas at organizational level is dependent on various factors such as encouraging an innovative culture. Organizational leaders are a key source of influence on organizational culture. Among the leadership styles, it was found that transformational leadership showed positive impact on organizational innovation (Keller, 1992| Waldman & Atwater, 1994).

Most business organizations have faced problem of ignoring the effects of transformational leadership on organizational innovation after adopting the leadership style which expects a harmony relationship for achieving the organization's goal. Thus most of the time there is lack of understanding the effects of transformational leadership on organizational innovation.
The absence of recognizing transformational leadership's effect on the organizational innovation imposes the leadership style adopting as well on the productivity of the employee performance in aiming the organizational innovation towards the strategy set at the beginning. Much of the literature about transformational leadership stresses that The role of leadership as a determinant of organizational creativity and innovation has become more important with the increasing intricacy of work processes and competitive business environment (Dess & Picken, 2000)

EEPCO has been working on the transformation for the last two years by collecting high professional staff from all the districts as well adding experts from outside. Now it is well organized 339 employees who are selected for the specific task where by the transformational

leadership style adoption process have taken fully. As the preliminary interview showed there is lack of know-how of employees about the transformation, unrecognized authority of managers for the implementation on the organization innovation has been seen.

Thus, knowing that the corporation is striving to find stamina to develop transformational leadership as well as cohesive-team for the organizational innovation is a relief to the government and the people.

Working on the effects of transformational on organizational innovation is the modern immense concern of EEPCO because the corporation is on the transition period than ever. So now it is the best time to work on the two variables from this time all are actively involved on the daily activities of the corporation. By way of the preliminary interview EEPCO is doing everything in order to convey the harmony of these variables so that the corporation achieved its mission in these regards.

For the very fact that unless the variables work in harmony there will be no transition period. The study has intended how to solve such complications by addressing the interrelatedness of the two variables all together and with each other. /EEPCO Annual Reports 2012/13/

Therefore, it is hoped that the present research on transformational leadership and organizational innovation may be a rewarding direction for further exploration.

1.4 RESEARCH QUESTIONS

The main research question raised under this research is:
How does transformational leadership affect organizational innovation at EEU?
In connection to this, it will try to answer the following to two specific questions in the process:
- How does leaders of EEU practice transformational leadership?
- Does transformational leadership impact organizational Innovation?

1.5 OBJECTIVES OF THE STUDY

1.5.1. General Objective

The main aim of the study is to analyze and examine the effects of transformational leadership on organizational innovation within EEU and to know the problems faced by the organization in harmonizing the two variables in relation to its growth.

1.5.2. Specific Objectives

This study attempts to study
* To investigate the relationship between Transformational Leadership and Organizational Innovation.
* To investigate how leaders at EEU practice transformational leadership.

1.6 SIGNIFICANCE OF THE STUDY

There are few empirical studies which examine the link specifically between transformational leadership and organizational innovation. Most of the available literatures are mainly in the context of organizations in western countries and none was found to be specifically in the Ethiopian context. Since transformational leadership is a new paradigm of leadership which has recently become a popular research topic, it is feasible to study how this leadership style influences organizational innovation in Ethiopia. Thus, this study will help to fill in the gap of present literature.

Based on the proposal of past literature and existing literature gap, the framework of this study is developed with the objective to seek empirical evidence on the mediating effect of transformational leadership on organizational innovation. Hence, this research is perceived be a significant contribution to the literature wherein empirical evidence and findings can be created for academic and management inference purposes. It is hoped that the present study may provide the basis for further exploration in other areas of transformational leadership and organizational innovation.

1.7 SCOPE AND LIMITATION

In assessing the effects of transformational leadership on organizational innovation at EEU, since the corporation is managed by one rule & regulations, the scope of this research paper is limited on the head office only. So data has been gathered from employees and managers who only in charge of various duties at the center. And the findings are based on data collected from head office of EEU extendable elsewhere, although they may result to be of the mentioned organization.

Beside, gathering information through interview was challenging because the managers were in a tight schedule. And more there were unreturned questionnaires and improperly filled which were totally ignored. Thus, the research is limited on the gathered information; out of 155 information sources which were distributed and interviewed, only 113 were able to be collected.

1.8 DEFINITIONS OF TERMS

Corporation: an organization that has purposefulness, declared social benefit, derived powers, legal entity permanence, and limited liability.

Utility: an entity of giving service.

Leadership: a process by which one individual influences others toward the attainment of group or organizational goals.

Transformational Leadership: inspiring followers to commit to a shared vision and goals for an organization or unit

Organizational Innovation: is the creation of valuable, useful new product, service idea, procedure, or process by individuals working together in a complex social system

Leadership Practice: is the leadership style practiced by the managers in the organization.

1.9 ORGANIZATION OF THE STUDY

The organization of the study is summarized as follows.

Chapter one introduces theoretical background, statement of the problem, objective, significance, describes the scope and limitations of the study. Then Chapter 2 presents a review of related literature followed by Chapter 3 which presents the research methodology that has been used for data collection and analysis. Follows Chapter 4 which explains the data presentation, analysis and interpretation of the study. Finally, Chapter 5 offers summary, conclusions and recommendations of the study.

CHAPTER 2
LITREATURE REVIEW

This section discusses on the existing studies which are relevant to this research and provides the basis of this study. Constituting a review of relevant past literatures on the topics of transformational leadership and organizational innovation. Lastly, the theoretical framework of this research and the formulated hypotheses were outlined at the end of the chapter.

2.1. Historical Development of Leadership

There was Jonah who fled from Nineveh disobeying God. While he was on the sea, a turbulent storm engulfed Jonah and those who were with him. As the story goes, the people had a belief that this kind of things happens when someone committed wrong, so the cast and threw Jonah to the sea; everything became normal./Old Testaments, Book of Jonah/

Our ancestors from our traditional belief exhibit the same kind of blame game. When plague falls upon them, they search for someone who is to blame and sacrificed him or her and believed things will change into normal. Moore (2003) observes organizational culture rectifying problems is the exact replica of this religious norm. This will stifle change and creative thinking, he asserts (ibid).

In the Globalized and fast changing world the need to have creative leadership has been a cry of the days. The problem here is how one could come up with existing need. During the renaissance era, when natural science took a great leap and transforms society, social scientist attempted to borrow method from natural science. The assumption is there is one solution to a given problem. But as time goes by, logical positivism runs out of esteem among social scientists. In today's post-modern world it become clearer reality in social world is constructed by people interpretations (ibid). So Social constructionism is the way to understand the role transformational leaders play for innovative organizations. Context is important. If Transformational leadership is defined as inspiring followers to commit to a shared vision and goals for an organization or unit (Ying, 2009), for the purpose of competition it will have blunt team cooperation effect.

Ying (2009) observes no that many books are found on the shelves which deal with the relationship transformational leadership and organizational innovativeness.

Teams can be federal as well as ideal as Hank (1996) observes. He contends most teams are in between the two (ibid). His criteria to differentiate a team from a group, which he defines as a federal collection of individuals, are two; the level of dependency and the degree of communality (ibid). For a group to be a team:

"the level of dependency among groups is so high the work of each person is totally interlinked with the work of other so that they cannot achieve their output unless other members of the team achieves theirs."(Ibid, 11)

The degree of Communality depends on the relationship between the goal of the team and individual members' goal. If the team goal overrides the individual we have ideal team. Team concept embodies aspects such as involvement, commitment, cooperation and support. Among all these Communication is crucial for Moore (2003).

From the understanding of team, the importance of clear vision and objective and the question of how to get there is important. But Moore (2003) and Hank (1996) point out what most seems to overlook. Moore (2003), particularly, goes further and underlines what he thinks the litmus paper that proofs a group is a team, i.e. Quality of communication. These factors are important for Team Cohesiveness. Ying (2009) defines Team Cohesiveness as the degree of members attracted to their teams and the desire to remain in it.

Leadership has no clear cut definition. For example, Hank (1996) approaches leadership from Vanguard and Deficit perspective. The Vanguard, for him is an old type of leadership who demands others to follow him being exemplar. The deficit one leads behind. He sees and measures the deficit resources needed to move the team so that it could achieve the objective. Since its inception, transformational leadership has gain a prominent taste for many. But still this is not saving from contention. One can easily recall the famous ''Hitler Problem''. Can Transformational leadership be possible without Charisma and virtue? (Bass & Riggio: 2006)

The rationale behind the debate is, if the leader can manage massive change like Hitler, could he or she be still being considered Transformational? (ibid.)

2.2. Transformational Leadership

Leadership though defined in numerous facets but for it is too related with the subject matter under research the researcher choose, Leadership is a need to have a solid understanding of things such as project management, organizational skills, managing employees and monitoring their   performance.http:www.cio.com

Still there is no absolute accurate definition of leaderships but the best leaders know that power is nothing without connecting to the people below.
According to Bass (1990), leadership involves interaction among two or more members of a group that frequently engage in structuring or restructuring of situations as well as the perceptions and expectations members. Anyone in a group or team can demonstrate a certain level of leadership by modifying the motivation of competencies of others in the group.

In the past decade, transformational leadership which has become a new paradigm of leadership has become a popular research subject (Lowe, Kroeck, & Sivasubramaniam, 1996). The theory was originally introduced by Burns (1978). It was further improvised by Bass and Avolio (1995) in which four components had been added to transformational leadership theory.

These interrelated behavioral components include inspirational motivation by articulating vision, intellectual stimulation by promoting creativity and innovation, idealized influence by charismatic role modeling and individualized consideration through coaching and mentoring. Based on several research findings, leaders who display these four behaviors of a transformational leadership are flexible in realigning values and norms, as well as promoting both personal and organizational changes (House and Shamir, 1993; Jung and Avolio, 2000). Elkins and Keller (2003) have described those determinants of innovation and creativity such as vision, encouragement; recognition and challenge closely match the behaviors of transformational leadership. Within a large research and development (R&D) organization, Keller (1992) discovered the existence of positive influence of transformational leadership towards the performance of R&D project teams. In a study of 32 Taiwanese companies,

Jung et al.   (2003) find significantly positive relationship between transformational leadership and organizational innovation as measured by expenditure and the number of patents filed over the preceding three years in R&D department. The positive impact of transformational leaders on innovation has been supported by several empirical studies such as Keller (1992) as well as Waldman and Atwater (1994). Many researches (Avolio & Bass, 1991; Lowe, Kroeck, & Sivasubrahmaniam, 1996; Stevens, D'lntino, & Victor, 1995) had consistently reported the characteristics of transformational leadership as more effective, productive and innovative. Followers tend to be more satisfied with this leadership style which demonstrates shared visions, mutual trust and respect. Transformational leadership and charismatic leadership are very much in common but charisma is only a part of transformational leadership (Bass & Riggio, 2006).

Although some studies argued that transformational leadership differed from charismatic leadership (House & Shamir, 1993; Yukl, 1999), these two leadership styles were regarded as the same by many researchers due to the ambiguity and lack of consistency in comparing both styles (Avolio &Yammarino, 2002; Antonakis& House, 2002).

Burns (1978) looked at Transformational Leadership as uni-dimensional. In a later year, Bass (1985) had eventually extended it in an effort to examine the dimensions within transformational leadership and the resulting outcome was the development of the first measurement for transformational leadership called the Multifactor Leadership Questionnaire (MLQ).

Among the many measurements for transformational leadership were Burke's (1994) Leadership Assessment Inventory (LAI), Alban-Metcalfe and Alimo-Metcalfe's (2000) Transformational Leadership Questionnaire (TLQ), and the Global Transformational Leadership scale (GTL) developed by Carless, earing and Mann (2000). The most widely accepted and validated measurement for transformational leadership is the MLQ (Bass & Riggio, 2006). The MLQ which is available in many languages other than English has been completed by more than 15, 000 respondents. It has also demonstrated well to excellent internal consistency in its scales. Bass and Avolio (1995) further improvised the MLQ to examine the four aspects of transformational leadership namely idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration.

Literature of transformational leadership) Bass, 1985, 1998) providing evidence that transformational leadership can shift followers' performance beyond expectations, and increase the satisfaction of followers and commitment to the group and organization (Bass and Riggio, 2006). According to Bass (19990, transformational leadership reflects a kind of leadership in which leaders move their followers beyond immediate self- interests through idealized influence (charisma), inspiration, intellectual stimulation, or individualized consideration. Transformational leadership raise followers' maturity-level and ideals plus concerns for achievement, self-actualization, and the well-being of others, the organization, and society (Bass, 1999)

2.2.1 Idealized Influence

"Divorced from ethics, leadership is reduced to management and politics to mere technique," writes Burns.

Transformational leadership requires decision-making that works towards the greater good. You need to be a mentor of sorts and lead by example. "Values-based leadership is necessary for driving sustainable change as this ensures that the results achieved are underpinned with a strong moral and ethical foundation, thus they can also stand up to any scrutiny or resistance to change," says Stewart.

Idealized influence or charisma refers to the leader's charisma that provides vision and sense of mission, instils pride, gains respect and trust (Bass, 1990).

2.2.2 Inspirational Motivation

Know where you want to go and create a vision or strategy to get there and then articulate, with optimism and passion, your vision to show them how all this matters in the big picture. Inspiration or Inspirational motivation is another dimension of transformational leadership (Bass, 1985). Inspiration refers to the leader's ability to communicate high expectations, use symbols to focus efforts, express.

2.2.3 Individualized Consideration

Is the golden rule flawed? Maybe not but consider this: Don't treat people how you want to be treated, treat them the way they want to be treated. People are different and what motivates and excites you is different from your peers and coworkers. "You have to learn to adapt your style to accommodate the skills and people on your team," says Drucker.

Individualized considerations refer to the leaders' ability to give personal attention, treat each follower individually, coach the progress of their followers individually. Individualized consideration may involve providing support, encouragement, and developmental experiences to followers (Bass, 1985).

2.2.4 Intellectual Stimulation

By rocking the boat and asking questions, transformational leaders are always challenging the status quo and aren't afraid of failure. They foster an environment where it's safe to have conversations, be creative and voice ideas, a place where all team members feel valued. They challenge cultural norms and work to inspire passion with their teams and peers. As Rucker puts it, they are adept at, "turning *me* moments into *we* moments."

Shipley says that managers who have a command-and-control style of leadership can get a lot accomplished, but, he says, they achieve short-term. You can have great success but you can't maintain long-term success that way."

A better approach, Shipley says, is to guide your team, but let them solve the problem on their own.

Intellectual stimulation is the most important one which refers to the leader's ability to promote intelligence, rationality, and careful problem solving (Bass, 1990).

Arnold et al. (2007) explains that transformational leaders directly give confidence to their followers to challenge accepted methods and answer their own questions when doing their own work. According Bass (1985), leaders when adopting intellectual stimulation behavior stimulate their followers through challenging the status quo, questioning assumptions, and motivating problem reformulation, intellectual curiosity, imagination, and novel ways.

Accordingly, given transformational leaders those four elements, their followers are expected to be more creative, a number of studies that examined the significant of leadership found that leaders having those four behavioral dimensions are more capable to reform followers' values and norms, encourage both individual and organizational changes, and support their followers to perform beyond performance expectations (Jung and Avolio 2000).

2.3. Transformational Leadership and Organizational Innovation

Leadership style has been highlighted in the literature as an important strategic factor affecting innovation and creativity (Nonaka and Takeuchi, 1995). "Transformational leadership, as we understand it, is mobilizing people to the common good. The ability to create a safe place to have conversations and voice ideas is very important. Ethics, morality and integrity are a huge part of transformational leadership, even if it's not in the best interest of self. The transformational leader needs to build trust and that can't be done in the short-term, it can only be done in the long-term. Anyone can be a transformational leader; it's all contextual and it's all driven by scale," says Ford.

More specifically, transformational leadership which achieved high levels of attention in the field of leadership lately, (Lowe, Kroeck, and Sivasubramaniam: 1996). That is due for being a different approach for stimulating followers comparing to other leadership styles (Yammarino, Spangler, and Bass, 1993)

Organizational Innovation places innovation in the context of organizational change, and over the last several years our definition has achieved real traction in the field, being adopted by funders and becoming a reference point for arts and culture leaders.

Experts agree that transformational change will create conflict. You're going to have people fight and/or ignore you. "You have to master the role by figuring out how you're going to get all these people to work with you. Doing that will change the position you have into the power you need to change the company," says Drucker.

Are you ready to take up the mantle of the transformational leader? You don't have to be the boss to do so. "Anyone can be a transformational leader, it's all contextual and it's all driven by scale," says Ford.

2.3.1. Organizational innovations are instances of organizational change that:

• Result from a shift in underlying organizational assumptions, are discontinuous from previous practice, and provide new pathways to creating public value.

As determinants of transformational leadership & organizational innovation we can discuss the following points.

2.3.2. The Roots of Innovation: A shift in underlying assumptions

Achieving organizational success over time means creating hypotheses about what is likely to succeed, acting on the basis of those hypotheses, and then reflecting on which ones turned out to be effective, and which did not. The latter are discarded, but the former become guidelines for repeated success. For instance, the idea that recruiting highly skilled artists to a theater company will help draw an audience frequently turns out to be true. By contrast, the idea that, with varied ticket prices, people from all walks of life will become the audience is not typically a reliable assumption.

As the justified hypotheses go on leading to successful results, organizational leaders stop regarding them as theoretical, and assume they are reliable predictors of success. Over time, these assumptions no longer need to be discussed; they become taken for granted, the bedrock on which the company builds its business.

So much so, that leaders often come to regard them as 'universal truths,' inviolable and surely apparent to everyone. Questioning these assumptions can make leaders feel threatened:

"What do you mean; the technical brilliance of our musicians may make them less interesting to listen to?" "How can our shiny new venue create barriers to attendance for some people?"

Edgar Schein, Professor Emeritus at the MIT Sloan School of Management and 'godfather' of the study of organizational culture, notes the importance of questioning assumptions:

"Assumptions evolve as repeated successful solutions to problems. What was once a questionable hypothesis about how to proceed becomes a reality that is taken for granted? In order to innovate, organizations have to resurrect, examine, and then break the frame created by old assumptions."

Every organization operates on the basis of some set of shared assumptions about why it exists, what its business is, and how it relates to the world. These assumptions act powerfully within every organization. They give rise to the culture of the organization, inform and limit its capacity for change, and explain much of its institutional behavior.

Times of great and rapid change, such as the arts and culture sector is experiencing now, demand that each organization re-examine the assumptions and beliefs that have led it to success in the past, in order to see if and where those assumptions may need to change—where they no longer reliably predict success. New hypotheses about success drive innovation and generate effective new strategies for these challenging times.

2.3.3. Business Unusual: A break from previous practice

The second part of our definition notes that innovation is not incremental chan.ge, nor a logical extension of 'business-as-usual.'

James Irvine Foundation Arts Innovation Fund Grantee: Oakland Museum of California
Innovation takes an organization and its programs, down a new, previously unpredictable path—a path which turns out to be deeply linked to the organization's purpose. For instance, varying ticket prices, up or down, to respond to economic and demographic changes is a logical step in extending an organization's business model. By contrast, changing the financial equation by moving an entire season from an expensive central performance space to a wide variety of community venues, in order to reach more people at lower cost, is innovative change in the making—a break from the past that changes the game.

2.3.4. The Ultimate Purpose: New pathways to public value

It is possible to develop new approaches that demonstrate a shift in assumptions and discontinuity
from past practices—but which are essentially change-for-change's sake. The third part of the definition indicates that true innovations are not just novelties unrelated to an organization's mission—and they are not merely variations on existing strategies.
Innovation introduces an organization to alternative pathways of thinking and acting—ones never previously explored. Changes like this are always disruptive to some degree and, because they are initially unproven, they can mean high levels of uncertainty for extended periods. So why would an organization pursue this kind of path? The answer, in part, is that these types of change promise to have an unusually high impact on the organization's ability to generate public value. Across the country, for instance, involving audiences in program planning, or having teens design youth programs, are proving to be powerful ways to achieve artistic engagement—but they would have been largely unthinkable just a decade ago.

According to Howell and Avolio (1993) , transformational leadership encourage innovation and creativity and creates advantages for organizational performance. Consequently, leaders should adopt this style of leadership, undertaking self-evaluation of their way of acting (Bass, 1999). It also has a positive impact on learning, organizational innovation and performance (Argyris and Schon 1996; Glynn, 1996; Huley and Hult, 1998)

2.4. CONCEPTUAL FRAMEWORK

By reviewing the literature of transformational leadership, many factors found influence by transformational leadership. Gumusluoglu and Ilsev (2009b) propose a model of the impact of transformational leadership on innovation at the organizational level. The results of their model suggest that transformational leadership has important effects on creativity at both the individual and organizational levels which may influences employees' creativity through psychological empowerment Gumusluoglu and Ilsev (2009b).
Another empirical study is conducted by Bass and Avolio (1993), their results found that ; (1) Transformational leadership was positively related to idealized influence which is values-based

leadership, (2) inspirational motivation rated know where to end clearly (3) individualized consideration explained doing the right thing first before expecting it from followers and (4) intellectual stimulation. Intrinsic motivation mediated the empowerment of team to solve problems.

Likewise organizational innovation is expressed via (1). Bringing organizational change. (2). Being a shift in underlying assumptions (3). Serve as a break from previous practice and (4) .Create a new pathway to public value.

Another study were conducted by Gumusluoglu and Ilsev (2009b) to investigate the relationship between transformational leadership and organizational innovation. The result showed the impact of transformational leadership on organizational innovation and whether internal and external support for innovation as contextual conditions influence this effect. The results of the analysis provided support for the positive influence of transformational leadership on organizational innovation.

In addition, external support for innovation was found to significantly moderate this effect. The moderating effect of internal support for innovation, however, was not significant. This study shows that transformational leadership is an important determinant of organizational innovation and encourages managers to engage in transformational leadership behaviors to promote organizational innovation.

Sosik, Kahai, and Avolio (1998) conducted a laboratory to examine the effects of level of transformational leadership on a group activity. Results indicated that for groups working under higher levels of transformational leadership generated more idea elaborations and original solution than the groups working under lower level of transformational leadership.

Jung, Chow, and Wu (2003) also investigated the same phenomenon. Their study proposes four hypothesis about how top managers' leadership styles directly and indirectly (via empowerment and organizational climate affect their companies' innovation. The findings support a direct and positive link between transformational leadership and organizational innovation. They also indicate that transformational leadership has significant and positive relations with both empowerment and organizational innovations.

Jung, Wu and Chow (2009) conducted an empirical study to advance understanding of how transformational leadership by top managers (CEOs) can affect their companies' innovativeness. They proposed a model that includes both direct effects and indirect effects moderated by aspects of organizational culture, structure, and the external environment. The predicted effects are tested with data collected through multiple source on 50 Taiwanese electronics and telecommunications companies. The results support the expectation that a positive relationship exists between CEO transformational leadership and organizational innovation. Their results also support most of the predicted moderating effects.

Garacia-Morales (2008) examined the influence of transformational leadership on organizational innovation and performance depending on the level of organizational learning in technological firms. The findings shows a positive relation between transformational leadership and organizational innovation.

Gong et al., (2009) examined the relationship between employee learning orientation, transformational leadership and employee creativity through mediating role of employee creative self-efficacy. By applying Hierarchical Linear Modeling to test hypothesis from 277 insurance agents in Taiwan, researcher found that employee creativity was positively related to employee sales and to supervisor rated employee job performance. However through the mediation of employee creative self-efficacy employee learning orientation and transformational leadership were positively related to employee creativity.

Above literature reveals that transformational leadership impacts organizational innovation. These researchers filled the gap and conducted a study in the context of micro and small sized companies. Following literature review in transformational leadership domain, researcher extends above theoretical model of Bass and Avolio (1993), and proposes that ; idealized influence, inspirational motivation , individualized consideration and intellectual stimulation is a way of underlying the effects of transformational leadership on innovation via bringing organizational change, being a shift in underlying assumptions, serve as a break from previous practice and create a new pathway to public value. This study is going to be conducted in Ethiopian Electric Utility and according to literature what researcher reviewed, this may be the first study with such theoretical framework and in the context of Ethiopian Electric Utility.

CHAPTER 3
RESEARCH DESIGN AND METHODOLOGY

3.1. Research Design

As stated previously the heart of this research is to identify the correlation among two variables; namely, Transformational Leadership and Organizational innovation empirically. The central issue of conducting the research is to demonstration the power of the relations among Transformational Leadership and organizational innovation. The paper endeavors to show how the correlation can be used positively for organizations transition; and suggests how to use such variables in harmony, in a way it makes it explanatory, for it deals with the relation of variables. Hence, problem is investigated empirically through a cross sectional approach.

The research method used is descriptive method hence it elaborates the relationship of Transformational Leadership and Organizational innovation which are organized in a descriptive way from the most general to the most specific one in other words. Of the reasons for the research to be undertaken the researcher aimed in solving a current problem faced which makes it applied research.

Mixed type approach is used for both qualitative and quantitative methods. The research will be examined in qualitative and quantitative for the very clear fact that the focus of the research will focus on understanding and interpretation of the data as well it deals with the effects of variables. When we look out on the involvement of the researcher and the research design it requires a high and participation involvement and used multi methods respectively. The data type as well non-probability for it is purposive on choosing who responds the questionnaires or interviews organized all at once it will took only small sample. (ZenegawAbiy (Phd) 2013, Business Research Methods, Addis Ababa)

3.2. Population and Sampling Techniques

To gather data in relation to the intention of the research, the first task of the researcher is to know the population under the study. Population also called the universe refers to any collection of specified group of human or non-human elements.

In this respect, the population for this research is defined as the head office of EEU on those who participate on implementation of transformational leadership and all employees those have a big role to impose the organizational innovation.

Taking into consideration the limitation of conducting the research through census approach or by considering the entire population and to get the benefit of sampling searching for representative sample become the next task of the researcher after identifying the population.

The sample office selected to conduct this research is the head office, as it is the dwelling where all transitions are developed and disseminated to all the districts.
The population of this study consist all managers of the corporation which are found in Addis Ababa offices.

EEPCO has 12,950 employees, of which 10,770 employees are male and 2,730 employees are female .From the total number of employees this research is concerned with those who have direct connection in contribution with transformational leadership style on the organizational innovation of EEPCO that is those who are in managerial positions.

The managers called from different branches in Addis Ababa, 9 are and 121 middle level managers. These are directly involved in the implementation of transformational leadership in the organization. In addition, there are 209 employees in the head office who are involved with the implementation of the leadership style. /EEPCO Annual Reports 2012/13/. This sums up the total population of head office staff to be 339.

The researcher employed stratified & sample random sampling technique to determine the sample size of the study since this sampling technique helps the researcher to minimize sampling bias. The basis for stratification of employees is based on their position on the organization. Therefore the size was determined using the following formula which is chosen because the data's are collected proportionately as well frequency is one of the tools used in the analysis.

$n=Nc/(C^2 + (N-1)*e^2)$ /Nyabwanaga, R., and Ojera, P., (2012); /

Where n is Sample size

n: the sample size

N: the number of workers at EEU i.e the population size which is 339

c: the proportion in the population=0.5

e: margin of error to be tolerated=0.05

Sample size=

$339*0.5/(0.5^2+(339-1)*0.05^2)=154.79 \sim 155$

Of this, interview was conducted with sixteen members of the management of EEU: 5 staff from senior management and 11 from middle level. Though 139 questionnaires were distributed, only 97 is competent to interpret. Hence 20 questionnaires are filled incongruously and 22 couldn't collected on the expected time range. Taking this in to account a total of 113 staffs participated in the study.

3.3. Types of Data and Tools

In order to gather data in relation to the intention of the research, both primary and secondary data sources has used. Primary data was obtained through Questionnaire and interview. Formal interview enables the researcher to secure data in relation to transformational leadership effects on organizational innovation in the respective areas and its impact on the transition. The interview was conducted with managers and employees.

- Secondary data sources:-Literature has been reviewed regarding transformational leadership and organizational innovation. Correlation between these two variables. Other literature in respect to nature and requirement of transformational leadership and leadership style has also been examined

3.4. Procedures of Data Collection

Interview and questionnaire methods were employed to collect data. The researcher visited EEU office after arranging an appointment through phone in order to get a convenient time. Fortunately, the researcher found one responsible & cooperative individual who was very helpful facilitating purposive visit.

Interview

Formal interview was conducted with the managers & non-managers of EEU. The relationships of variables under discussion correlated with the literature review facts learned. But to hold the interview was a bit challenging, for the managers were out of Addis Ababa on a sudden meeting or for different reasons they provided. Then after, the gathered information is being sorted as per the response in order to make it ready for analysis.

Questionnaire

Questionnaires were also used as a primary data source with the aim of finding both qualitative and quantitative data. They contain both open ended and closed ended questions.

After collecting the questionnaire the researcher went through checking and identifying the responses analyzed with respect to the correlation of the variables under discussion in specific manner for EEU.

3.5. Methods of Data Analysis

After necessary data collected using the tools discussed earlier, the analysis part proceeds. The researcher has made a thorough editing, coding and data entry for analysis. Checking of omissions & consistency, to form corresponds with one or more variables and entering the data from the research project to computers followed.

Qualitative data analysis

The primary qualitative data obtained from interview and some questionnaires is presented in tables, and line graphs and analyzed using simple descriptive statistics that is, mean, mode, and percentages.

Quantitative data analysis — Model Specification Approach

The quantitative data from questionnaires analyzed using **simple linear regression model for analysis**. Regression analysis is widely used for prediction and forecasting; its use has substantial overlap with the field of machine learning. Regression analysis is also used to understand which among the independent variables are related to the dependent variable, and to explore the forms of these relationships. In restricted circumstances, regression analysis can be used to infer causal relationships between the independent and dependent variables (Baltagi, 2009). This model is selected in order to examine how transformational leadership affects the organizational innovation in EEU.

Independent Variable

Transformational Leadership: is a leadership approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders. Enacted in its authentic form, transformational leadership enhances the motivation, morale and performance of followers through a variety of mechanisms. These include connecting the follower's sense of identity and self to the mission and the collective identity of the organization; being a role model for followers that inspires them; challenging followers to take greater ownership for their work, and understanding the strengths and weaknesses of followers, so the leader can align followers with tasks that optimize their performance. Thus transformational leadership has a great influence of the organizational innovation.

Dependent Variable

Organizational innovation is the creation of valuable, useful new product, service idea, procedure, or process by individuals working together in a complex social system". Woodman et al. (1993, p. 293).

This research aims to study organizational innovation in terms of its teamwork, capacity and climate for innovation. Gianikis and McCue (1997) observed a commonly shared theme which defined organizational innovation as transformation of knowledge into new products, processes, and services to gauge competitive advantage.

Although definition of innovation may varied across studies, an informal definition of innovation defines the term as behavioral and social processes which seek to achieve changes. Process and products which are regarded as innovations include technological changes, processes, and services within an organization. It is an introduction of a new and improved ways of doing things at work (West, 2002).

Depending on size, organizational innovation may vary in terms centralized control and greater autonomy for individuals, teams and departments. For the purpose of this study, organizational innovation is innovation at the team level which focuses on the factors that promote innovation within the team.

Simple linear Regression Model

This research paper uses simple linear regression model for quantitative analysis in which a linear relationship between the two variables is shown.

$$Y_i = a + pX_i + u_i \quad i = 1, 2... , n \quad \text{.. (1)}$$

Where, Y_i denotes the ith observation on the dependent variable Y which could be organizational Innovation: technological changes, process & services and X_i denote the ith observation on the independent variable X which is Transformational leadership. These observations could be collected on firms or households at a given point in time, in which case we call the data a cross-section (Baltagi, 2008).

Thus ***n*** is the number of observations, which could be the number of firms or households in a cross-section, or the number of years if the observations are collected annually. a and p are the

intercept and slope of this simple linear relationship between Y and X. They are assumed to be unknown parameters to be estimated from the data (Baltagi, 2008).

Therefore, the data is going to be collected. a and p are not known, and have to be estimated from the observed data $\{(X_i, Y_i)$ for $i = 1, 2, \ldots, n\}$. This also means that the true line *(a & pX),* as well as the true disturbances *(the Ui's)* are unobservable.

In this case, a and p could be estimated by the best fitting line through the data. Hence, a and p, *ui* are unknown parameters which are going to be determined during the research work. The calculations are going to be tedious to perform manually, so the results are to be obtained using the SPSS.

Factor Analysis

Factor analysis was employed to examine the validity of the theoretical constructs of transformational leadership and organizational innovation in the research setting. In connection to this, factor analysis was conducted for organizational change, shift in underlying assumption, new path/new way to public value as constructs of organizational innovation. Likewise, idealized influence, inspirational motivation, individualized consideration and intellectual stimulation as constructs for transformational leadership was reduced through factor analysis. In doing so, the conceptual constructs of these components was filtered in the same manner. After screening the most important and significant components of the constructs indexes were created for transformational leadership and organizational innovation based on the summation of the values of the constructs. The primary approach was maximum likelihood with Varimax rotation. While the issue of the number of factors to retain is ultimately judgmental (Green, 1978), in this study the selection was done based on eigenvalue of greater than 1 (which define the proportion of variance accounted for by each of the factors extracted).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Demographic characteristics of the respondents

A total of 113 people participated in the study. The demographic profile of the respondents shows that there is a relatively equal representation of male and female in the study. It also shows as all of the participants of the study have an academic qualification of diploma and above. The sex, educational level, years of work experience with the company is presented below.

No.	Variables		Frequency of response			
			Frequency	Percent	Total Number	Total Percentage
1	Gender	Female	56	50.4	113	100%
		Male	57	49.6		
2	Educational level	Diploma	19	16.5	113	89.38%
		Degree	71	62.9		
		Masters	17	15.5		
		Above Masters	3	3.1		
		Missing	2	2.1		
3	No. of years in the company	1-10	23	20.6	113	89.38%
		11-20	47	41.2		
		21-30	29	25.8		
		31-40	12	10.3		
		Missing	2	2.1		

Table 4.1. Summary of the Total Number and Percentage of Respondents by Age and Sex

From the table above, we can see that the sex composition of the respondents is almost equal. All of the study participants are educated. Around 62.9 percent of the participants of the study have first degree. Out of these, around 15.5 % have postgraduate degree. On the other hand, around 16.5 percent of the respondents were diploma holders.

The educational qualifications of the respondents show as most of the employees are qualified, assuming they are deployed in relevant field of practice in relation to their education. Given the

fact that most of the respondents are highly educated, we could consider as their understanding of the issue under discussion and their professional judgment of the leadership styles being practiced would be more objective than otherwise. Moreover, around 87 percent of the respondents were in the service of the organization for more than a decade. This could also be taken as a plus in validating their ability to judge the changes in the leadership styles and practices at EEU.

Herein under the investigation of transformational leadership & organizational innovation via the questioners distributed to employees and collected which is a total of 97 is discussed in accordance of the responds.

4.2. Leadership development and awareness about transformational leadership concept

Leadership development and awareness about transformational leadership concept has been raised to the respondents.

	Frequency	Valid Percent
Strongly Agreed	51	52.6
Strongly Disagreed	18	18.6
Disagreed	27	27.8
Missing	1	1.0
Total	97	100.0

Table 4.2. The concept of transformational leadership had been clarified

In discussing about the presence of leadership development program, most of the participants of the study indicated as there are some efforts in improving the quality of leadership for the managers. This was indicated as a common phenomenon for new managers. Almost all reported as they had orientation and participated in the development programs.

The study participants were asked if the concept of transformational leadership had been clarified to them. In response to the question, only 52.6 percent of the respondents reported as the concept had been clarified to them. In clarifying the concept of transformational leadership most of the respondents' clarification was limited to explaining it as a leadership style which is appropriate for an idea change. Some members of the senior managements, particularly the

Indian experts, stated it as a new methodology to be adopted, new delegation to be given as well as taking risks.

4.3 Is transformational leadership the leadership style being practiced at EEU?

EEU considers itself as an organization that is applying transformational leadership. Though the organization believes as it applies transformational leadership, the perception of the study participants regarding the application of the concept matters a lot. In light of this, the study participants' conviction regarding the existence of leaders with transformational leadership style was assessed. Around 88 percent of the study participants believe that there are few leaders with transformational leadership attributes and behaviors.

	Frequency	Percent
Yes there are many	12	12.4
Yes there are few	85	87.6
Total	97	100.0

Table 4.3. Believe that there are leaders that apply transformational leadership

In the earlier discussion on the concept of transformational leadership, the researcher argued the constructs of transformational leadership as behavioral components. The perception of the respondents about the existence, practice, attributes and behaviors that explain the constructs were examined in the study.

Around 28 percent of the study participants agree that leaders facilitate environment while all team members feel valued; around 72 percent disagree with the notion. Almost all of the participants of the study do not think as leaders give space for different personality and expectation in the work environment.

4.4. Shared vision and strategy

It is evident that in order to let employee feel their role matters for the bigger picture there must be a clear induction, understanding and internalization of the vision and strategy of the company. In connection to this, all participants of the study reported as they had got induction on the vision and strategy of the company

	Frequency	Percent
Yes	74	76.3
No	20	20.6
Missing	3	3.1
Total	97	100.0

Table 4.4. Induction of the vision and strategy of the company

As shown in the above table 76.3 percent of the respondents said yes there is an induction of the vision and strategy of EEU where 20.6 percent respond no to the issue. Thus most of the employees are aware of the company vision but still need to work on it for there are still employees who are not familiar with it.

Speaking about the contents and qualities of the vision, showed in the table below around 37 percent of the respondents think that the vision is challenging and attractive. The understanding and internalization of the vision among the study participants was also very low. Only around 10 percent of the respondents reported as they know the vision thoroughly while only 13 percent say can express the vision with confidence. This might be attributed to the fact that the translation of the specificity of vision and its linkage (translation) to the operation is weak.

4.5. Creative environment and innovativeness at EEU

Organizational innovation is the conception of new service to the least. Thus, employees need to be independent to apply innovative behaviors in to their task so as to bring organization innovation. Allowing employees to do so is also one of the attributes of transformation leadership. Survey responds were also asked the importance of building creative environment in EEU and majority of the respondents 89 (91.8%) believed that creative environment is vital for employees to optimally use their potential for the fulfillment of EEU strategic objectives.

Elements	Frequency	Percent
Necessity of a challenging and attractive vision	49	50.5
Build up vision, specify and translate	26	26.8
Do express the vision with confidence	13	13.4
Realized the vision thoroughly	9	9.6
Total	97	100

Table 4.5. Translation of the vision & mission

	Frequency	Percent
Yes	89	91.8
No	6	6.2
Missing	2	2.1
Total	97	100.0

Table 4.5.1. Creative environment is vital for employees to exert full potential

As a measure of transformational leadership practice, respondents were also asked about the presence of freedom to innovative behaviors at EEU. Most of the respondents (90.7%) believe that EEU management is not motivating employees to be innovative in their tasks and assignments. This is true for both individuals and teams. This implies that there is almost no room given for the employees to demonstrate innovative behaviors at their task.

The management has also indicated as the only thing they make sure is that the EEU employees implement what has been ordered via their immediate supervisors. The discussion with the staff supports what has been already said. Most staff reported that staffs in the organization are expected to stick to organizational plans and activities; they are set to follow the plans.

According to them, suggestions are not even acceptable. Yet, delegation (not in the sense of decentralization) is exercised in a meaningful manner as a means of building the staff skill.

Table 4.5.2. EEU environment conduciveness for creativity

	Frequency	Percent
EEU let employees to be creative	8	8.2
Build creativity	11	11.6
Delegate tasks	78	80
Encourage team creativity	0	0
Total	97	100

4.6. Managing change: Transformational leadership

It is obvious that adoption of a new system will create conflict within the compound. According to the discourse in transformational leadership, transformational change is thought to create conflict. In managing the conflict that will arise while implementing transformational change, a transformational leader is expected to be systematic enough to solve such barriers. Respondents were asked if they had experienced any problem in relation with the introduction of transformational leadership. Most of the interview respondents' reported as it had been challenging to accept the new processes, structures, and delegations

Table 4.6. Expected the transformational leader to be systematic to solve conflicts that arise while to bring transformational change

	Frequency	Percent
Strongly Agreed	90	92.8
Agreed	7	7.2
Total	97	100.0

All participants of the study agree that the transformational leader is expected to be systematic, 92.8% & 7.2% responded strongly agreed and agreed respectively. Asked if leaders at EEU have

such qualities, all respondents responded no. On the other hand, the discussion with the management showed that measures were taken to address the challenges. The leadership reported as workshops were organized to give room for the staff to discuss on the nature and purpose of the change. Moreover, best experiences from other countries and organizations within the country were shared.

4.7. Transformational leadership and change in assumption and practice

Transformational leadership is thought to bring a fundamental change on the organizational assumptions, to bring a new practice as well as to provide a new way of public value. Employees were asked about the existence of these elements (shift in fundamental organizational assumptions, new practices and new services) in the case of EEU. Around 37 percent of the study participants believe as transformational leadership brought a positive effect on the organization while only 10 percent believe as it had a negative effect.

Table 4.7.1. Organizational Innovation

	Responses	Percent of Cases
Shift in organizational assumption	34	37.0%
New practice	29	31.5%
New way	34	37.0%
Total	97	100.0%

As shown in the above multiple response frequency analysis table around 37% of the respondents believe as there is shift in the fundamental assumptions of the organization. In connection to this, around 31.5 percent of the study participants reported new practices and around 37 percent reported new ways to the public value. The other main change was the restructuring of EEPCO services in to two: EEU/Ethiopian Electric Utility/ and EEP/Ethiopian Electric Power.

There was also a change in the internal organization and functions of the different units. The organization has adopted a pyramid structure unlike its previous flat structure. This has resulted

more a more distributed power. Moreover, monitoring of work flows, identification of bottlenecks and addressing issues in a timely manner is enhanced.

Despite these changes it is very clear that though transformational leadership is introduced, employees are not empowered to make use of their potential in bringing the best of fruits of the leadership style adopted.

Table 4.7.2. EEU management motivate employee to be innovative on their tasks

	Frequency	Percent
Yes	9	9.3
No	88	90.7
Total	97	100

Based on the finding from survey most of the respondents 88(90.7%) believed that EEU management is not motivating employees to be motivated in their tasks and assignment's in the organization. This implies that there is almost no room given for the employees to demonstrate innovative behaviors at their task. The management has also admitted that in order to implement the new leadership style the only thing they make sure is that the EEU employees has managed to implement what has been ordered via their immediate supervisors.

Result from interview of the EEU management also supports the survey findings that staffs in the organization has been stick to organizational planned activities and they are just set to participate, to follow the plans, suggestion are not acceptable at least.

4.8. Effects of Transformational Leadership on organizational innovation

Before speaking of the effects of transformational leadership on organizational innovation at EEU, let us see the existence of Transformational Leader in the organization. Hence the effect to be shown there must be a responsible individual in order to execute the rules and regulations of the leadership style.

Thus the respondents were asked all the variables which express or identify once as a transformational leader. Herein under there is a table consists of all the variables that are the essence of a transformational leader.

Elements	Responses	Percent of Cases
Let employees to be transparent	56	57.7
Followers know what I stand for	95	100
Inspiring others is easy to me	70	76.3
Attentive to followers needs & concerns	78	80
Delegate tasks to let followers' skill expand	0	0
Encourage followers to ask their ideas	85	87.6
Developed an attractive vision with employees	36	37.1
Built up the vision , specify & translate it to actions	26	26.8
Delegate to expand my followers' skills	78	80.4

Table.4.8.1. Existence of Transformational Leaders at EEU

As the above table shows of the examination of the existence of Transformational Leaders at EEU is grouped responds strongly agreed and agreed together strongly disagreed and disagreed like wise. Looking thoroughly the elements of a Transformational Leaders, one can say EEU leaders have most of the qualities. Encourage team creativity is out of these conclusion hence all the respondents agreed that there is no space given for employees.

Table. 4.8.2. Effects of transformational Leadership on Organizational Innovation at EEU

Variable	Frequency	Percent
Encourage employee creativity	3	3.1
There is unique amp relevant	94	100
EEU exercises imp innovative ideas	39	41.1
EEU has implemented ideas	22	23.2
EEU leaders give freedom of	94	96.9

High trust environment	76	89.5
Leaders let employees solve problems	50	51.5
There is a unique work culture	88	90.7

The above tables shows clearly that transformational leadership has an effect on organizational innovation. It has examined with the features of organizational innovation. As seen carefully there is a high variance of respondents view on one element of which shows the effect of transformational leadership on organizational innovation.

Most of the variance happen due to the information gap between the management and the employees. The other clear fact is though transformational leadership has an effect on the organizational innovation of EEU, but still employees are not empowered to use their potential in bringing the best of the leadership style adopted.

This findings is consistent with the findings of other study including Jung et al (2003) as the study hold of 32 Taiwanese companies where there is a positive relationship between transformational leadership and organizational innovation. Likewise Keller (1992) as well as Waldman and Atwater (1994)

The result of the interview in respect to the impact of transformational leadership the respondents are very optimistic. All the respondents agreed that it has an impact on the organizational innovation directly or indirectly. Also stated transformational leadership empowers employees to do their maximum in all positions for the presence of positive spirit leads to innovation. Which is unfortunately given to EEU employees due to focusing on the foreign professions preference. This seems to contradict to the answer given to the first question, i.e. "the transformation didn't bring any significant change. Even worse the transition period is making things to go slowly." The researcher probes the reason for the discrepancy. Of course, these employees admit the physical changes in their agency, division of units etc. However, as mentioned earlier in the paper the existence of change-resistant employee; secondly, as it could be deduced from the response of the question how they understood transformational leadership. In addition most employees are either lack deeper understanding of what is going on in their agency. Looking the

new change as a treat to their job blocking the leadership style before giving a chance to exercise could be one reason.

The interviewees are convinced that there are many effects of Transformational Leadership on organizational innovations. However the management staff only took the right hand in regards to the innovation. It is because there is yet many things to be done first before the innovation right given to employees.

What are the challenges or constraints of leaders & employees relations & innovation at EEU? Most of the respondents stated that the absence of written rule to what extent employees are allowed to be innovative opens unnecessary to the immediate bosses.

What is the recent status of Transformational leadership & organization innovation? Though the senior managers argued that there is a great change on board. The first line managers insist that most of the organization is in the state of confusion. The foreign managers are not well competent as a matter of fact are not devoted their full time on their job. They went to India often. There is also employee resistance to change. The existence of huge gap between leaders & employee on understanding transformational leadership style. Thus many employees have no idea how to translate on practice.

4.9. Transformational Leadership style practice at EEU

In order to capture the practice of Transformational Leadership style at EEU the researcher dealt with the basics. Such as how employee cope up with the changes, what are the challenges & constraints for the implementations of Transformational leadership & Organizational Innovation like resource shortage, Work overload, lack of training opportunity?

Thus the interviewees agreed that employees are now coped up with the changes positively but faced challenges in luck of skilled man power, enough resources, trainings and more employees with corrupt working culture, misbehave leader's /grouping/ which leads to losing the best person for the position.

All in one the motto was to bring the international standards which was the benchmark but the ground reality was different thus the need to fill the skill gap, training gap raised. This adds costs to revise the flow again and sure took more time than expected to implement.

But still it is well practiced for it has bring the major changes of its aim which is the division of the EEU & EEP as well the organizational structure to Pyramid.

4.10. Factor analysis on Transformational Leadership

Constructs	Most important variables/factors	Value-factor loading	Total variation explained
Individualized consideration	Followers know my sincere concern	.877	66%
	There is unique and employee relevant	.792	
	Encourage employee cohesiveness culture	.841	
Inspirational motivation	Build up creative environment		63.2%
	Inspire others is easy to me	.775	
	Induction of the vision	.919	
Intellectual stimulation	Environment valued	.802	53.5
	Followers know my positive	.801	

Table 4.10.1. Factor analysis of transformational leadership at EEU

Transformational leadership as indicated in the literature review is thought to be explained by idealized influence, inspirational motivation, individualized consideration and intellectual stimulation. In this study, transformational leadership is well explained by the three factors (viz., inspirational motivation, individualized consideration and intellectual stimulation) (with $F_{(533, 3)} = 91.7$, $^<0.001$). While the R^2 value is 0.779 and that of adjusted $R^2 = 0.771$, we can say that three constructs well explain the variance in transformational leadership. On the other hand, idealized influence was poorly found to be significant.

Looking at contribution of constructs of the major constructs of transformational leadership in explaining the variance i .e. individualized consideration, inspirational motivation and intellection stimulation, we can see that only 8 of 23 variables are important. The variables that had greater than 1 eigenvalue and high loading factor under each of the major constructs are indicated above.

The highest value from the rotated component factors matrix are used as well eigenvalue factor loading is used. Exploratory factor analysis is used in order to explain the existence of transformational leadership at EEU and more its effect on organizational innovation.

Constructs	Most important variables/factors	Value-factor loading	Total variation explained
New path way to public value	EEU exercise implementation new ideas	.853	74 %
	EEU leaders give freedom	.870	
	Negative impact trans on org	.905	
Organizational change	New way	.837	63%
	New practice	.720	
	Developed a challenge and an attractive vision	.787	

Table 4.10.2. Factors of organizational innovation at EEU

From the table we can see that the constructs of intellectual stimulation are very weak in explain the variance compared to the other two.

The constructs of the major organizational innovation were also examined in the same manner. In connection to this, delegate tasks to followers, encouraging followers to question and encouraging employee cohesiveness culture were found to explain the variance (68.4%) in shift in underlying assumption. Obstacle with team, influence of transformational leadership, realized the visions thoroughly were also found to be the major variables that explain 77.5 % of the

variance in relation to break from previous practices. For the examination of the other two major constructs see the above table.

On the other hand, new leadership, developed, there is visible work culture were not found to be above the eigenvalue as variables that explain the variance in organizational change. This was true for shift realization, deal with, and EEU has ideas as constructs of shift in underlying assumption, EEU let employee and team creativity as constructs of break from previous practice, positive effect and high environment trust as constructs of new path way to public value.

4.11. BIVARIATE CORRELATION ANALYSIS

Correlations

	Organizational effect	transleadroption 2
Organizational effect Pearson Correlation	1	.763**
Sig. (2-tailed)		.000
N	80	80
transleadroption2 Pearson Correlation	.763**	1
Sig. (2-tailed)	.000	
N	80	81

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

Table 4.11. Bivariate correlation analysis

Analysis of bivariate correlation between organizational innovation as a composite index of its constructs and that of transformational leadership show that there is a strong positive relationship between the *two(r=-0.76, p< 0.001)*. Thus looking the above table Pearson correlation clearly showed that there is a clear positive relationship between transformational leadership and organizational innovation.

4.12. Regression Model Specification

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763ª	.582	.577	2.20304

a. Predictors: (Constant), transleadroption2

Table 4.12.1 Regression model summary

Further analysis of the effect of the transformational leadership on organizational innovation using regression analysis show that around 58 percent of the variation in organizational innovation is explained by transformational leadership(R square=. 582 while the adjusted R square value is 0.577), t=10.4, P<0.001.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
₁	(Constant)	7.260	1.973		3.680	.000
	transleadroption2	.982	.094	.763	10.424	.000

a. Dependent Variable: Organizational effect

Table 4.12.2 Coefficients for TL and OI

Thus the model is

Organizational innovation (y)= 0.982 TL/ transformational leadership + 7.26

Here, it should be noted as individualized influence is not taken in to account as it had been not implacable in the case of EEU. The resulted gathered for this variable has insignificant effect to explain transformational leadership. The beta value is 7.26 and the value of the coefficient for transformational leadership is .982

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary

The main objective of this study was to assess the effects of transformational leadership on organizational innovation at Ethiopian Electric Utility, and to identify the practice transformational leadership style. After analyzing the information gathered through structured questionnaires, the following major findings are presented:-

1. This study was covered to infer about the Ethiopian Electric Corporation which is now divided in to branches thus EEU /Ethiopian Electric Utility and intended to focus only in focused on Ethiopian Electric Utility specially the task force organized to implement the new leadership style

2. All respondents are educated which makes it easier to find reliable and informative data about the leadership style adopted by EEU.

3. The concept of transformational leadership is well understood and explained by the employees of EEU as it as leadership style which is appropriate for an idea change.

4. There are transformational leaders at EEU who fit the measurement of the criteria's.

5. The analysis of bivariate correlation between organizational innovation as a composite index of its constructs and that of transformational leadership show that there is a strong positive relationship between the *two(r=-0.76, p< 0.001).*

6. Regression analysis of the effect of the transformational leadership on organizational innovation s show that around 58% of the variation in organizational innovation is explained by transformational leadership.

7. There is a large positive correlation between Transformational leadership and the three dimensions namely individualized considerations, inspirational motivation and

intellectual stimulation, in Ethiopian Electric Utility. But there is no relationship with the dimension that is idealized influence that is stated in the literature review in the case of EEU.

8. Transformational leadership supposed to bring all around organizational change. These changes can be grossly seen as Structural and Contently. In EEU the research has observed that only the structural change has done. The employees have confirmed that also. As the employee commented as well as the managers complained the contently part is far from success. It has been two years since the process of Transformational Leadership implementation has begun.

    The frustration is understandable. Two reasons can be pointed out for this reluctance. According to the Managers, the reason is lack of skilled man power. They have told the researcher the problem they are facing regarding the lack of man in relation to their Indian experience. ''In India one man can perform multi task. But here, one man is stuck with only one task. For example if he is given the work to collect bills, he does nothing but that.'' The employees agree in a way.

9. Employees have observed the structural change but not the content as they have briefed. As the research observed the workers have somehow know what Transformational Leadership is and what it can do. This lack of sufficient understanding as well as gap of enthusiasm shown on the ground as ''nothing has changed.'' Some of the employees understand Transformational Leadership can bring change but 1) due to suspect of losing job, 2) extreme lack of interest increased the managers' frustration.

    The second point is the research surfaced one crucial problem which can be attributed partly to the mangers and to those who implemented Transformational Leadership. The employees are not conditioned and neither pushed to be creative. They are told to implement what they are told. This is also amount to business as usual. They have been doing this long before Transformational Leadership and they are doing it afterwards. The research observed rampant lack of creativity. As it is known creativity is core element of Transformational Leadership. Without creativity, as per to our case Working culture

change in the direction of Creativity is achieved Transformational Leadership will not bring the 'magic' it promises.

10. The concept of transformational leadership most of the respondents' clarification was limited to explain it as leadership style which is appropriate for an idea change.

11. There are few leaders with transformational leadership attributes and behaviors.

12. All participants agreed that creative environment is vital for employees to optimally use their potential for the fulfillment of EEU strategic objectives.

5.2. Conclusions

The main objective of the study was to discover the effect of transformational leadership on the organizational innovation at EEU. Many researches (Avolio & Bass, 1991; Lowe, Kroeck, & Sivasubrahmaniam, 1996; Stevens, D'Intino, & Victor, 1995) had consistently reported the characteristics of transformational leadership as more effective, productive and innovative. These indicated that transformational leadership has its own impact on organizational innovation. The research found that EEU adopting transformational leadership style has an effect on its organizational innovation.

Focusing on the utility as well regards of dimensions of transformational leaderships through proper analysis of its link with organizational innovations. The study has used the Multifactor Leadership Questionnaire (MLQ) instrument to measure the transformational leadership to examine the four aspects of transformational leadership namely idealized influence, intellectual stimulation, inspirational motivation, and individualized consideration. Likewise, Organizational innovation measured in the context of organizational change, shift in underlying assumptions, and break from previous practice and new pathways to public value. Of the questionnaires distributed for EEU staff 97 were collected back and 16 interviewees were conducted with middle and senior management staff then used for the analysis of the paper. Based on the aforementioned major findings of the study, the following conclusions are forwarded.

Thus based on the major findings, the researcher concluded the following:

- The evidence is overwhelming; the concept of transformational leadership is outstandingly understood by the employees. It is no longer an issue to create awareness of the leadership style.

- Finally it can be concluded that EEU has transformational leaders who can implement the leadership style as it is expected if it could amend other gaps.

- The features of organizational innovation has shown that effect of transformational leadership on organizational innovation. Most of the variance happen due to the information gap between the management and the employees

- There is a positive correlation between Transformational leadership & Organizational innovation. Both the correlation & regression analysis has shown similar results.

- Transformational leadership has only bring structural change due to lack of skilled manpower and lack of empowerment the staff to be innovative.

5.3. Recommendations

Based on the aforementioned summary of major findings and conclusions, the following recommendations are forwarded.

1. Therefore, it is better for any forthcoming author who wants to investigate similar issue by involving or including EEP/Ethiopian Electric Power/ as well the remaining staff of EEU /Ethiopian Electric Utility/. Additionally, it is also better if comparative study will be conducted between two organizations with similar issue at hand so as to find out the impact of other factors like idealized influence that can affect organizational innovation if there is any.

2. As the adoption of transformational leadership helps in organizational innovation, firms/organizations that enjoy competitive advantage from organizational innovation would be beneficial if they adopt Transformational Leadership. In doing so, it would be important to empirically examine the most important factors that influence the direction and magnitude of the effects.

3. Incremental of Skilled man power is a must in order to be benefited from transformational leadership so as to impact organizational innovation as a whole.

4. For the change to be complete creativity should be a norm not an exception. Hence it is the only way to be competitive as well leading company on the world which is changing with the blink of an eye.

5. Moreover, is there should be an establishment which facilitates close relationship between the managers and employees. This helps, in the researches opinion, to alleviate the knowledge as well as emotional gap existed between the managers and the employee.

6. The fear of job lose has passed as a challenge but the lack of interest can be changed in close relationship. Since transformational leadership is concerned with the mind as well as emotion, both of them should be addressed. Such establishment should address both.

7. EEU need to work on adopting the leadership style through training its own management staff so that employees capture the positive implications quickly.

School Of Graduate Studies
Master of Business Administration Department
Questionnaire to be filled by Employees

Dear Respondent

This questionnaire is prepared for research purpose entitled "Effects of Transformational Leadership on organizational innovation at Ethiopian Electric Utility". The expected respondents of this questionnaire will be employees, especially those who are involved with the transformational leadership style implementation project. The study focuses on the impact of transformational leadership on organizational innovation; the respondents will be expected to give accurate data to make a proper analysis. The data will be kept confidentially and it will be used for study purpose. I would like to thank you in advance for your kind cooperation.

<div align="right">

Helen Mekonnen
Cell Phone- 251-911-125-488

</div>

PART I.
A. General information/Background information

1. Educational Status: Certificate |____| Diploma |__| Degree Masters |__|

    Above Master |___|

2. Current position in the company:_____

3. Gender: Female |___| Male |_I

4. Number of years in the company: |__| 1-10 |__| 11-20 |____| 21-30 |___|

    31-40

B. Relationship of Transformational Leadership & Organizational Innovation

1. The concept of transformational leadership has been clearly described to you?
   a. Agreed
   b. Strongly agreed
   c. Disagreed
   d. Strongly disagreed

2. Do you believe that there are Transformational Leaders in EEU?

    Yes, there are many |____| Yes, there are a few |_____|

    There is no one |____|

3. Do you agree that leaders including you have facilitated an environment where all team members feel valued?

    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

4. There must be a space to accept the differentpersonality & expectation's individuals have in a work environment?
    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

5. Inorder to let employee feel their role matters for the bigger picture there must be a clear induction of the vision & strategy of the company.
    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

6. Value based leadership is vital to achieve a sustainable change.
    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

7. Transformational change will create conflict thus transformational leader is expected to be systematic enough to solve such barriers.
    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

8. Have you noticed the shift from the fundamental organizational assumptions?
    Yes □   No   I   I

9. Is there a real new practice which has no relation with the previous one?
    Yes □   No   I   I

10. Is there an instance that provides a new way for public value?
    Yes □   No I I

11. If your answer is 'YES' for the previous questions what do you think are the main relations?

12. If your answer is 'No' how you do think EEU manifest the organizational innovation need?

13. There is a positive effect of Transformational leadership on organizational innovation?
    a. Agreed
    b. Strongly agreed
    c. Disagree
    d. Strongly disagree

14. Do you think there is a negative impact of transformational leadership on organizational innovation?

    Yes □   No I I

15. If your answer to question 14 is 'Yes' please list down the impacts herein under.

C. Organizational Innovation with team cohesiveness
1. How is the organizational innovation process working within the team?

2. Have you ever faced any obstacle within team which affected the organizational innovation? Yes |_____| No |_____|

3. If your answer for the previous question is 'Yes' how does it affected you in dealing with the situation?

4. What do you think causes the obstacle?

5. Bringing new leadership style affects the organizational innovation?
   a. Agreed
   b. Strongly agreed
   c. Disagree
   d. Strongly disagree

6. Does EEPCO management team have worked thoroughly on motivating employees to do their part on the organizational innovation?
   Yes □ No | |

7. If your answer is 'No' for the previous question what do you think the management must do to let employees feel they really matters to achieve the organizations strategy?

D. EEPCO Leaders practices of Transformational leadership
   1. Have you seen a change on EEU leaders?

      Yes □   No | |

2. If your answer is 'Yes' how do you state the change?

3. Was there a training given by the organizations to leaders about transformational leadership?

Yes □   No | |

E. Impacts of the leadership style on employees' cohesiveness
   1. There is encouraging employees' cohesiveness culture in EEU?

      a. Agreed
      b. Strongly agreed
      c. Disagree
      d. Strongly disagree

   2. EEU's employee has a good working culture thus applying transformational leadership cohesively was not so difficult.

      a. Agreed
      b. Strongly agreed
      c. Disagree
      d. Strongly disagree

   3. Have you faced a scenario where luck of employees' cohesiveness impacts the expected result?

      Yes □   No | |

   4. If your answer is 'Yes' to the above question; handling of the situation was very difficult.

      a. Agreed
      b. Strongly agreed
      c. Disagree
      d. Strongly disagree

F. Employees independence to demonstrate innovative behaviors at EEU
   1. EEU have an open system which let employees to be innovative in handling their tasks.

      a. Agreed
      b. Strongly agreed

   c. Disagree

   d. Strongly disagree

  2. Building up a creative environment is vital for employees to exert their full potential.

   a. Agreed

   b. Strongly agreed

   c. Disagree

   d. Strongly disagree

 G. Effects of Transformational Leadership on organizational innovation

  1. Does the influence of transformational leadership on the fundamental attitudes & assumptions of employees have an effect on organizational innovation?

  A. It has no effect B. It has some affect C. It has no relation

 Part II.

Here in under there are statements to assess the existence of a Transformational leader and the effects of Transformational Leadership on the organizational Innovation. Thus you are kindly requested to read the statements thoroughly and put (^) to indicate your view that expresses EEU's practice.

S/N.	Item	Strongly Agree	Agree	Disagree	Strongly Disagree
	As a transformational Leader				
1.	I would never require a follower to do something that I wouldn't do myself.				
2.	My followers would say that they know what I stand for				
3.	Inspiring others has always come easy to me.				
4.	My followers have told me that my enthusiasm and positive energy are infectious.				
5.	My followers would say that I am very attentive to their needs and concerns.				
6.	Even though I could easily do a task myself, I delegate it to expand my followers' skills.				

7.	Team creativity and innovation are the keys to success.				
8.	I encourage my followers to question their most basic way of thinking				
9.	I have developed a challenging and attractive vision, together with the employees.				
10.	I have build up the vision, specify and translate it to actions				
11.	I do express confidence, decisiveness and optimism about the vision and its implementation.				
12.	I have realize the vision through small planned steps and small successes in the path for its full implementation				
	Effects of Transformational leadership on organizational innovation				
1.	Results show that transformational leaders primarily encourage follower creativity and innovation by providing a climate that supports followers' innovative efforts.				
2.	There is a unique & relevant strategy in EEU which is known by all employees				
3.	EEU exercise implementation of the innovative ideas to achieve the strategic goals.				
4.	EEU has implemented many employees ideas to facilitate the daily activities				

5.	EEU leaders give employees freedom & encouragement to fail while working with new ideas				
6.	There is high environment trust within the organization like to share outrageous ideas				
7.	Leaders give employees a freedom to solve problems				
8.	There are visible work culture change in the organization				

ST MARY'S UNIVERSITY COLLEGE
School Of Graduate Studies
Master of Business Administration Department
Interview Questions for Managers

Good Morning/good afternoon Sir/Madam I would love to request you for an interview which needs fifteen minutes of your precious time. The interview is held for academic research purpose entitled "Effects of Transformational Leadership on Organizational Innovation at EEU". Hoping you are determinedto explain here I am. The data will be kept confidentially and it will be used for study purpose. I would like to thank you in advance for your kind cooperation.

    I.   General information/Background information
1. What is your position?
2. How long have you been serving EEPCO?
3. Can you elaborate the difference you have noticed in the organization before it adopt the new leadership style /Transformational Leadership/?
    II.   Effects of transformational Leadership on Organizational innovation

1. How do you explain transformational Leadership?
2. Do you think transformational leadership has an impact on organizational Innovation?
3. How do you explain transformational leadership style within team cohesiveness?
4. What are the effects of Transformational Leadership & Organizational Innovation?
5. What efforts have been made to address the problem?
6. Is there a study conducted before about the relationship or impact of transformational leadership & Organizational Innovation?
7. What is the status of Transformational Leadership & organizational innovation?
8. How does Transformational leadership effect look like on EEU?
9. What is the status of Transformational leadership practice EEU LEADERS?
10. How is the extent to which employees of EEU demonstrate innovative behaviors?
11. What are the challenges or constraints of leaders & employees relations & innovation at EEU?
12. What is the recent status of Transformational leadership & organization innovation?
13. To what extent are Transformational leadership & Organizational innovation practiced at EEU?
14. How does the employee cope up with the changes?
15. What are the challenges & constraints for the implementations of Transformational leadership & Organizational Innovation like resource shortage, Work overload, lack of training opportunity?

I thank you from the bottom of my heart for your willingness as well precious time.