# ADAMA SCIENCE AND TECHNOLOGY UNIVERSITY

## SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

# INDUSTRIAL LEADERSHIP IN ETHIOIAN MANUFACTURING SECTORS-PRACTICES & PROSPECTS

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## *Abstract*

*The major objective of this research is to investigate the existing status of industrial leadership behavior and styles practiced and leadership gaps to be bridged through further interventions to improve the leadership behavior and styles of the manufacturing industrial sector in light with the transformation plan of the sector. Mixed research design was used to study the phenomena. The sampling technique employed to select sample manufacturing industries and respondents was simple random sampling, where as the two sectors (Textile and Leather) were selected through purposive sampling techniques. Data analysis was carried out by employing Mean, SD and ANOVA. The findings show that the manufacturing industrial leaders often employ transactional than transformational and laissez-faire leadership styles in executing their leadership roles. The behavioral dimensions of transactional leadership like management by exception active and passive and contingent reward are dominantly exhibited than transformational leadership behaviors of individual consideration, intellectual stimulation and idealized influences in the leadership role exercise. Industrial leaders in Ethiopian manufacturing industry need to capitalize their initiation to be transformational so as to transform the manufacturing industrial sector. Institutionalizing industrial leadership trainings, industrial leadership capacity building programmes should be therefore expanded and strengthened and focus on enabling leaders to improve their leadership behaviors to be able to recognize the role of leadership in organizing and inspiring others towards the realization of the sector development.*



***Key Terms:*** *Leadership Behavior, leadership style, Transformational Leadership; Transactional Leadership; Laissez-faire leadership.*

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## Acronym/Abbreviations

| | |
|---|---|
| ANOVA | Analysis of Variance |
| BA | Bachelor of Arts |
| BSC | Bachelor of Science |
| FRL | Full Range Leadership |
| GDP | Gross Domestic Product |
| GTP | Growth and Transformation plan |
| LF | Laissez-Faire |
| MLQ | Multifactor Leadership Questionnaire |
| MoI | Ministry of Industry |
| SD | Standard Deviation |
| SME | Small and Micro Enterprises |
| SPSS | Statistical package for Social Science |

# 1.1. Introduction

## 1.1. Background of the Study

Manufacturing is a systematic process of production and the most important part of a new world class economy and that manufacturing industry is necessary to meet the challenges of global economy. Manufacturing industry is a key foundation for national development and provides the basis for sustainable industrialization (Erkutlu, 2008).

A good industrial foundation can positively derive the political and economic progress in a nation. A nation that cannot institute and sustain manufacturing industry will be politically delinquent and economically retarded in the long run, since there is a direct relationship between manufacturing productivity and economic competitiveness. No country in the world has ever come industrialized without first promoting and engaging in active manufacturing industry. Moreover, none has sustained and retained its industrialized status by neglecting the manufacturing sector. Hence, active engagement in manufacturing industry has been the right passage to economic growth and development for emerging economies (Wang and Huang, 2009).

In order to achieve and sustain manufacturing industrial development, both the technical and leadership aspect must come to play. Many leadership theorists have found that ineffective leadership in any manufacturing industry seems to be the major cause of diminishing organizations productivity and competitiveness (Yukl,1994).As McAlearney(2006) summarizes that in this era of global competition, leadership of manufacturing industry must be transformational and manufacturing industrial leaders must be able to empower and motivate their labors, define and articulate a vision, build and foster trust and relationships, inspire their labors to accept change to meet organizational objectives .

Fiedler 1996 one of the respected researcher s on leadership, has provided a recent treatise on the importance of leadership by arguing that the effectiveness of a leader is a major determinant of the success and failure of organization, or even an entire country. Hence, the industry sector requires sophisticated visionary leaders and skilled managers at different level capable of selecting and negotiating appropriate technology, designing appropriate factory layout, organizing human and material resources efficiently to

ensure competitiveness of the sector internationally. The sector has also requires transformational industrial leaders capable of planning, sourcing of raw materials, manufacturing, managing working capital and sales with a very high degree of entrepreneurial and leadership skills.

Effective leadership is an approach to improve the competitiveness, effectiveness and flexibility of the manufacturing industry through planning, organizing and allowing participation of all members at the appropriate level. Effective leadership is at the core of every successful organization including manufacturing industries (Oakland, 1993).

Leading manufacturing industries are seeking effective leadership as a weapon to combat organization change and to succeed in today's business arena. In this respect, research has shown that transformational leadership leads to improved performance in the industrial, military, business and governments and transforms organization to meet these new demands ( Avolio and Bass, 1991; Lowe and Gardner, 2000).

The Ethiopian government since the last two decades has been implementing different development interventions to speed up the industrialization process of the country and improve the living standard of its citizens. It has set a vision of becoming a middle-income country status by 2025.

According to the Industrial Development Road Map (2013), to build a middle income country by 2025, the share of the industry sector to GDP has increase to at least 28% by 2025.Similarly, the contribution of the manufacturing industry sector is expected to attain 18% of GDP by the year 2025 so that the industry sectors aspired ultimately to take-over the leading role from Agricultural sector. One of the sectors that has strategic role to materialize this vision is the manufacturing industry sector( MoI,2013).

The manufacturing industrial sector is one of the envisioned sectors expected to play a significant role in the country's economic development, job creation, foreign exchange earnings, and SMEs development both in the first and the ongoing GTP periods.

Realizing the role of the industry sector to the economic development, the country's economic growth and development strategy in the GTP II is set to be Industry-led economic development where the manufacturing sector plays a prominent role in the overall economic development. In response to this

increasing demand for economic transformation in the manufacturing industry and its leadership, industrial leaders must have to follow a leadership style, and leadership behavior that is change oriented in nature.

The economic transformation in general and industry development in particular can hardly be realized without appropriate industrial leadership, leadership styles and behaviors. One of the most important elements of leadership that can contribute to leadership effectiveness is the leadership style and behavior of the leader. A leadership style is the behavior a leader exhibits while guiding organizational members' in appropriate directions (Certo and Certo, 2006). Appropriate leadership style is an important factor influences effectiveness of the leaders (Hur et al, 2011; Hogg et al, 2005; Bruno and Lay, 2006) leaders to be effective requires good relationship with their followers because these relationships should enhance followers wellbeing and work performance (Hogg,et al,2005).

Having such rationale, in this study an attempt is made to assess the leadership styles and behaviors of Ethiopian manufacturing industrial leaders from the light of national industrial transformational plan.

### 1. 2. Statement of the problem

The secret behind the lifestyle difference among citizen of various nations across the globe preponderantly depends on civilization and the degree of industrialization. Presently, the economic growth and development of most African countries has been proved viable, found in the right track and hence their journey towards industrialization has been well fueled. However, a range of factors are seriously compromising this rosy travel including lack of good governance, shortage of infrastructure, right polices and strategies and lack of transformational industrial leaders (Wang and Huang, 2009).

On the other hand, Ethiopia is well determined to draw important seasons from other sisterly countries recognizing that these countries have been experiencing many potential ways to beef up their industrialization as well as manufacturing trends. This in turn helps the nation to ensure its long aspired target of progress of industrialization. To this end, it has formulated workable industrial policies and strategies. It has presently been engaged in establishing various industrial village and parks and created enabling conditions that by far will ensure its aspiration of becoming an industrialized country.

Furthermore, the country is relentlessly working to become an Africa manufacturing hub and enlist itself under the category of middle income economies by 2025 and the nation has been paving the way to well defined economic development. Although many African countries are found in the same status of Ethiopia

with regard to economic development category, there are some drawbacks which are compromising their move toward manufacturing. To mention but a few, they are unable to create enabling environment, are short of well organized infrastructure, prevailing of bad governance and poor industrial leadership, among others, have still lagged their journey behind (Wang and Huang, 2009).

In the second GTP periods of Ethiopia, a number of new industries and projects are planned in such areas including steel, Chemicals, Pharmaceuticals, Textile and leather. A number of factories are currently under construction. This momentum is continuing given the priority accorded to industrialization, both for export promotion and import substitution but with relatively sluggish performance.

Despite, priority accorded to industrialization, attractive incentive packages and significant growth prospects of the industry sector, country's industrial base is still small and the performance of the manufacturing sector below the target set in GTP-I. Most if not all industries are operating below their capacity and their international competitiveness of the sector is not yet well developed. Technology adoption and innovation is very poor (MoI, 2015).

These all problems are attributed largely by lack of adequate and well qualified and transformational industrial leaders and managers capable of transforming the sector into robust industrial structure that ensure the sustainable development of the sector (Tesfaye, 2015).

The strategic pillars of the GTP II (Growth and Transformation Plan) related to manufacturing include (1) developing light and small manufacturing enterprises that are globally competent and leading in Africa (2) establishing a foundation for further growth of the strategic heavy industries which ultimately enable Ethiopia to become an industrialized country by 2025 (GTP II, PP :38).

Analysis made by different industrial studies in Ethiopia revealed the fact that, there is a weak leadership and management a structure at various levels (Top, middle and supervisory) almost in all industries which requires urgent intervention by all development actors (Tesfaye,2015).

The intervention that must be considered has to be based on an investigation of the real sources of the prevailing problems. This study therefore, intended to identify gaps in the industrial leadership, assess the leadership behavior of existing leaders, identify the major leadership challenges and proposes remedial solution to address the gaps. To shed light on the issue, this study has addressed the following basic and guiding questions.

- What are the prevailing leadership styles and behaviors practiced to the existing manufacturing industry leaders?
- Which industrial leadership behavioral dimensions and styles are dominant in the manufacturing industries?
- How are the identified leadership behavior/styles gaps to be bridged to bring about significant changes in the leadership styles of manufacturing industry?

## 1.3. **Objective of the Study**

The major objective of this research is to assess the existing status of industrial leadership behavior and styles, and leadership gaps to be bridged through further interventions to strengthen the leadership behaviors of the manufacturing sector in light with the transformation plan of the sector.

### 1.3.1. Specific objectives of the study

The study will specifically:

- Identify the prevailing leadership styles and behaviors practiced to the existing manufacturing industry leaders?
- Differentiate industrial leadership behavioral dimensions and styles, which are dominant in the manufacturing industries?
- Propose the ways how the identified leadership behavior/styles gaps to be bridged to bring about significant changes in the leadership styles of manufacturing industry?

## 1.4. Significance of the Study

This study is expected to become valuable in informing all concerned stake holders about the present status of industrial leadership behavior and style of the manufacturing industry leaders in Ethiopia. It has also identified the major industrial leadership styles and behavior gaps of the existing, so as to recommend relevant institutional arrangements and industrial leadership capacity enhancement programs and projects.

### 1.5. Scope of the study

This study is delimited in its scope on the two pioneer manufacturing industries among the priority manufacturing sectors as target and middle and lower level management /supervisors as major respondents. It is also delimited in assessing the leadership behavior and leadership styles of the top management of the sample manufacturing industries.

### 1.6. Limitation of the Study

The study is not without limitations having no relevant domestic research undertakings on Ethiopian manufacturing industry leadership qualities and challenges in the past. The major findings of the study are dependent on the commitment, understanding and genuine opinions of the respondents. It would be also

good to include all the priority manufacturing industries as a sample of the study to generalize the existing leadership style and behaviors of Ethiopian manufacturing industries.

## 2. Methodology of the Study

### 2.1 Research Design and Methodology

The study focuses on employees of manufacturing industries in Ethiopia, as lower and middle level positions, as a population of interest. It is a descriptive survey research approach and its design and methodology follow a mixed approach in which both qualitative and quantitative data were employed from primary and secondary sources.

### 2.2 Sources of Data

The primary source of data was Manufacturing Industrial employees who are currently working as supervisors/lower level and middle level managers. Literatures on manufacturing industrial leadership, manufacturing industrial development policies, roadmaps and strategic plan and other relevant national and international documents were used as secondary source of data.

### 2.3 Instruments of Data Collection

The study employed questionnaire as major data gathering tool. To measure leadership behaviors and styles, the Multifactor Leadership Questionnaire (MLQ) of Bass and Avolio's (1990) was utilized. The MLQ

was formulated from the Full Range of Leadership development theories (Bass and Avolio, 1997). This instrument is well established and commonly employed for organizational survey. It has been used in a variety of setting and broad range of sample population such as industry, military, higher education organizations in different countries (Avolio and Bass, 2004).

Thus the MLQ is based on the work of renowned leadership theorists like Bass, Avolio and Yammarino, Avolio and Bass, 1997). The Dutch translation of MLQ, version 8 was employed as a measure of the full range of leadership styles and behaviors (i.e transformational, transactional, and laissez-faire leadership). Twenty eight appropriate questions are employed to measure each of the components of leadership dimensions and behaviors of transactional, transformational and laissez-faire leadership styles.

The transformational leadership comprises of behaviors like idealized influence (attributed) and idealized influence (behavior), intellectual stimulation, individualized consideration, and inspirational motivation. Transaction leadership comprises of management by exception active, contingent rewards and management by exception passive. The non leadership dimension (lassaize-faire style) on its part reveals behaviors of avoidance of interventions and delay in actions.

These measures are utilized broadly by researchers and practitioners all over the world. Respondents indicated how frequently their leaders displayed the behavior depicted in each item using a 5 point scale, where 5= **frequently**, if not always, **4=Fairly Often**, 3=**Sometimes**, 2=**Once in awhile**, 1=**Not at All**. Internal consistency of the questionnaire was checked through pilot study prior to the major data collection. The Cronbach alpha value ranged from .70 to .94 was obtained which is acceptable and the result showed that the instrument is reliable (Hair et.al, 1998).

A number of in depth interviews was conducted with purposefully selected industrial leaders(18) and stakeholders at micro and macro –level including MoI officials(2), Industrial development Institute directors(3) and resource person's(2), who has plenty of experiences in the leadership position of Ethiopian manufacturing industry.

### 2.4 Sample and Sampling Techniques

#### 2.4.1 Sample

GTP I has already identified six priority manufacturing industries which are expected to boom in the next GTP periods and they are considered as a foundations of Ethiopian Industrial development. These manufacturing sectors are: Metal and Engineering Manufacturing Industry, Textile and Garment, Footwear,

Leather, Leather Goods and Articles industry, Chemical and Construction inputs, Food, Beverage and Pharmaceuticals Industry.

**Table - 1. Samples and Sample Manufacturing Sectors**

| Sectors | Population | Sample (%) | Sampling Techniques |
|---|---|---|---|
| 1. **Textile** | 37 | 12(32%) | Simple random |
| 2. **Leather** | 69 | 24(34.7%) | Simple random |
| **Total** | **106** | **36(33.9%)** | Simple random |

### 2.4.2. Sampling Techniques

Among others, the sample of the study include two priority manufacturing industries Textile(Textile and garment, spinning and Leather( Tannery, Leather and Leather Products) were taken using purposive sampling techniques, in which the two manufacturing industries are the major contributor for countries GDP, main sources of export commodities and pioneer in the history of Ethiopian manufacturing industry development. Among which, 36 manufacturing industries and 578 sample respondents (Lower level managers (Supervisors and middle level Managers) are taken using simple random sampling techniques.15-17(30% and above) middle level managers and supervisors/lower level managers) from each manufacturing industry, using simple random sampling techniques. The organization structure is different in different manufacturing industries. In most industries supervisors are used interchangeably with lower level managers. In others, middle level managers are considered as supervisors, and team leaders as lower level managers. Hence, the respondents are termed as middle level managers and supervisors.

## 2.5 Methods of Data Analysis

The quantitative data are analyzed using both descriptive and inferential statistics and supplement with narrative analysis results of qualitative data obtained from interview and document analysis. All of the quantitative data have been entered into and analyzed by the Statistical Package for the Social Sciences (SPSS) for Windows, version - 20. Summary statistics, including the computation of means,

standard deviations, ANOVA computation were undertaken to analyze the leadership styles and behavioral dimensions of existing manufacturing industry leaders.

# 3 . Theoretical Backgrounds

## *3.1 Leadership – the Concept*

Leadership is the important factor that has the ability to manage change in organizations (Sarros and santora,2001).It is one of the most important determinant factor for the success of any organization(Murphy and Ensher, 2008).It is mainly defined as the ability to inspire confidence and support among the people who are needed to achieve organizational goals(Dubrin,2007). Leaders are change agents or people whose action influences other individuals more than how the acts of the individuals affect them (Dubrin, 2007). Hence leadership mainly occurs when the competencies and motivations of group members are modified by leaders. In addition, leadership involves an individual's ability to motivate, enable and influence others towards contributing to the success and effectiveness of their organizations (Ibid, 2002).

Leadership is regarded as a critical factor in the initiation and implementation of the transformations in organizations (Avolio and Bass, 1995). One of the most important elements of leadership that contributes to leadership effectiveness is the behavior/ style of the leader. A leadership style is the behavior of a leader exhibits while guiding organization members in appropriate directions for better performances (Certo and Certo, 2006).

## *3.2 Leadership and organizational performance*

Many leadership theorists have found that ineffective leadership in any organization seem to be the major cause of diminishing organizational productivity(Yukl,1994).Effective leadership therefore becomes an asset if any organization like the manufacturing industry want to achieve productivity and organizational success.

Fielders(1996) has provided a recent treatise on the importance of leadership by arguing that the effectiveness of a leader is a major determinants of the success and failure of a group, organization, or even an entire country. It has been argued that one way in which organizations have sought to cope with the increasing volatility and turbulence of external environment is by training and development of leaders

and equipping them with the skills to cope. These claims are based on the assumptions of a direct link between leadership and organizational performance.

The rapid changes in the global world such as rapidly –evolving technologies and political and social factors have also called for the development of effective leadership skills. Consequently, leadership development programmes have become an increasing priority for organizational success (Cacioppe, 1998).

In general, leadership effectiveness is crucial to the success of any organization. It closely depends on outcomes and consequences of the leaders activities for followers and organizations (Yukl, 2006).The extent to which the organization achievement to its goals and performance is the most commonly measures of leadership effectiveness (Erkutlu, 2008).

Effective leaders are capable to fully engage followers in the organizational strategies. Appropriate leadership styles are an important factors influence effectiveness of the leaders (Hur etal, 2011). Leaders to be effective, they required to have good relationships with their followers, which enhance followers' well being and work performance. These relationships may also connect the followers to the group more tightly through loyalty, gratefulness, and a sense of inclusion ((Hur etal, 2011).

### *3.3 Leadership Styles and Behaviors*

Beginning in the 1970s, a number of leadership theories emerged that focused on the importance of a leader's charisma to leadership theories and studies of leadership effectiveness. Although trait, behavioral and contingency approach has each contributed to the understanding of leadership, none of the approaches have provided a completely satisfactory explanation of leadership and leadership effectiveness.

Since the 1970s, several alternative theoretical frameworks for the study of leadership have been advanced. Among the more important of these is the Full Range Leadership style (FRL) styles and model created by Avolio and Bass, (1991), which includes transactional leadership, transformational leadership and laisser-faire leadership. This is one of the most prominent formats for classifying and studying leadership style and behavior study in any organizational contexts.

### *3.3.1 Transactional leadership style/behavior*

Transactional leadership style is a type of leadership behavior which has been widely used in organizational behavior studies. Burns (1978) who pioneered the study of transactional leadership indicated that transactional leaders are those who sought to motivate followers by appealing to their self interests and focused mainly on the physical and the security needs of subordinates. In this leadership behavior, the relationship that evolves s between the leader and follower is based on bargaining exchange or reward systems (Bass, 1995). Using the carrot or a stick, transactional leadership is usually characterized as instrumental in followers' goal attainment (Bass, 1997).

Transactional leaders motivate subordinates to achieve expected levels of performance by helping them to recognize task responsibilities, identify goals and develop confidence about meeting desired performance levels (Bass, 1990). According to Bass and Avolio (1994), transactional leaders employ three factors: (1), Contingent reward (2), Management by exception active and (3) Management by exception passive.

In contingent rewards, leaders provide followers with material and psychological rewards contingent on the fulfillment of contractual obligations. Bass (1985) emphasized that by providing contingent rewards, a transactional leader might inspire a reasonable degree of involvement, loyalty, commitment and performance from subordinates. On the other hand, management by exception is whereby the leader is vigilant and ensures that followers meet predetermined standards. In management–by-exception passive, leaders intervene with followers only after non-compliance of standards has occurred or when mistakes have already happened. A passive leader avoids specifying agreements, clarifying expectations and standards to be achieved by subordinates, but will intervene when specific problems become apparent.

In management by exception (active) the leader specifies the standards for compliance, as well as what constitutes in effective performance, and may punish subordinates for being out of compliance with those standards. This style of leadership implies closely monitoring for mistakes and errors and then taking corrective actions as quickly as needed. In sum, this style is considered that it does not respond to situations and problems systematically.

### *3.3.2 Transformation Leadership Style*

By combining the trait, behavioral and contingency approach of leadership, one of the new integrative leadership theories, namely transformational leadership was developed (Abu Daud, 2009).Transformational leadership as a leadership style focused on effecting revolutionary change in organizations through a commitment to the organizations vision. Transformational leadership redefines people missions and visions, renews their commitment, and restructures their systems for goal accomplishments through a relationship of mutual stimulation and elevation that converts followers in to leaders and leaders in to change agents((Abu Daud, 2009).

Studies have constantly reported that transformational leadership is more effective, productive, innovative and satisfying to followers as both parties work towards the good of organizations propelled by shared visions and values as well as mutual trust and respect..Transformational leader elicit performance beyond expectations by instilling pride, communicating personal respect, facilitating creative thinking, and providing inspiration (Avolio and Bass, 1991).

In the opinion of Mcnatt and Judge (2004), transformational leadership is attributed to employees' psychological performance level and work. This is evident as it is reported by Peterson and Arnn(2005), that leaders who are effective are skilled and can adjust behavior to fit in a group based on their perceptions about what employees want in a workplace.

Transformational leaders can create significant organizational change and acts as change agents, foster high level of intrinsic motivation, and loyalty among followers, introduce a new image or view of the future and create a commitment to this image among followers (kinicki and kreitner, 2008). Transformational leadership is comprised of five dimensions which are idealized influence (attributed and behavior), inspirational motivation, intellectual stimulation, and individual considerations.

***Idealized influence:*** The major characteristic of transformational leadership includes engendering trust, admiration, loyalty, and respect among followers through the application of charismatic behavior. Transformational leaders strive towards creating such a state of idealized influence by articulating a vision

and explaining how to attain the vision in an appealing manner, leading by example, acting confidently and optimistically and displaying a high level of ethical and moral conduct.

Idealized influence describes the degree in which leaders are perceived as an inspiring role model(Moss and Ritossa,2007).These leaders are admired, respected and trusted, followers identify and pursue their leaders(Bass etal..2003). Idealized influence consists of two forms: ***idealized influence (attributes)*** in which leaders receive trust plus respect, and ***idealized influence (behavior)*** in which leaders exhibit excellent behavior and might sacrifice their own needs to improve the objectives of their workgroups(Moss and Ritossa,2007). Leaders who apply influence on their followers gain the trust and confidence of the followers. The followers admire the leader as a role model and respect the decision made by him or her (Ibid).

***Inspirational Motivation:*** *It* describes the degree in which the leader states a vision that is attractive and encouraging to followers (Judge and Piccolo, 2004). Leaders strengthen followers by viewing the future by optimism (Antonakis etal, 2003) and act in ways that motivate those around them by providing meaning and challenge to their followers work(Bass etal..2003).

The transformational leader inspires followers towards the new ideas or goals through inspirational motivation. The major characteristics of inspirational motivation includes articulating of clear and appealing view of the future, development of a shared vision in both economic and ideological terms so that follower see meaning in their work, making sure of each followers role in the fulfillment of the shared vision, and setting high standards for the follower to attain objectives, and encouraging followers to integrate and become part of the overall organizational culture and environment.

***Intellectual Stimulation:*** transformational leadership encourages change through intellectual stimulation aimed at self reflective change of values and beliefs. It is the leaders` behavior that leads to promoting employees' intelligence, knowledge and learning so that they can be innovative. Transformational leader raises aspiration and shifts people and organizational systems into new, high-performance patterns. The presence of transformational leadership is reflected in followers who are enthusiastic about the leader and her or his ideas (Schermerhorn, 2008). Furthermore, transformational leaders inspire their followers to think more than their own aims and interests and to focus on greater team, organizational objectives (Jandaghi et al, 2009).

***Individualized Consideration**:* Individualized consideration refers to the transformational leadership behaviors of dealing with followers as important contributors to the organization. It consist of behaviors such as communicating personal respect to followers by giving them specialized attention, by treating each one individually, and by recognizing each ones unique needs. Leaders, according to this behavior show consideration for followers` needs and requirements. Transformational leaders consider and help their subordinates in fulfilling their potential talents and increasing their responsibilities in the organization (Jandaghi, 2009).

### *3.3.3 Laisser-faire leadership style*

Apart from transformational and transactional leadership constructs, the multifactor leadership analysis comprises of non leadership dimensions. This non leadership behavior is known as laissez-faire (LF) leadership and reflects the absence of leadership and avoidance of interventions. There is no attempt to make agreements with followers, to motivate them, to set standards or to give feedback. Laisser-faire leadership behavior indicates a complete abdication of leadership (Bass, 1985).

In an early study of laisser-faire leadership, Lewin, Lippitt and white (1939) found that laissez-faire leadership led to lower productivity and satisfaction among followers when compared with autocratic and democratic leadership style. Although subordinates desired the autonomy that laissez-faire leadership provided, subsequent research has substantiated followers' dissatisfaction with this leadership style. In general, it is among the styles, in which the leaders may either not intervene in the work affairs of subordinates may completely avoid responsibilities as superior and unlikely to put in efforts to build a relationship with them. Consequently, laissez-faire style is associated with dissatisfaction, unproductiveness and ineffectiveness (Delug, 1992).

## 4. Discussions and Results

### 4.1 Demographic Analysis

**Table -2. Demographic Profile of respondents (N=536)**

| Item | | N | (%) |
|---|---|---|---|
| **Gender** | Male | 509 | 95% |
| | Female | 27 | 5% |
| **Work Experience** | 1-5 | 88 | 16.4% |
| | 6-10 | 132 | 24.62% |
| | 11-15 | 316 | 59 % |
| **Educational Level** | BA/BSC | 521 | 97.2 % |
| | MA/MSC | 15 | 2.8% |
| | Ph.D | ---- | --- |
| **Specialization** | Management | 165 | 30.8 % |
| | Engineering | 248 | 46.3 % |
| | Others | 123 | 23 % |

Table 2 above depicts the sample respondents of the study, which mainly includes middle level managers and supervisors/lower level managers/ of sample manufacturing industries with a total of 578 participants. Among the returned questionnaire, 42 were excluded from the analysis because of missing responses through the process of data cleaning. This left valid sample of 536(93%) of participants. Of the sample, only 5 percent are females. Most of the participants are BA/BSC holders in Engineering and management fields. Moreover, the highest percentage of work experience was within the range of 11-15 years.

### 4.2. Dimension of Transformational Leadership Behaviors

**Table 3 Idealized Influences (Attributed)**

| SN | **Behavioral variables** | N | M | SD |
|---|---|---|---|---|
| 1 | Leader instill pride in being associated with him as a leaders | 536 | 2.63 | 1.386 |
| 2 | Leaders goes beyond his/her own self interest for the good of employees | 536 | 2.43 | 1.403 |
| 3 | Leaders action builds subordinates respect on on him | 536 | 2.46 | 1.420 |
| 4 | Leaders display a sense of power and confidence on employees | 536 | 3.45 | 1.397 |

Table-3 depicted the mean score and standard deviations of the responses on various components of transformational leadership style under idealized influence dimensions**.** As one of the transformational

and charismatic nature of the leadership behavior, leaders are expected to inculcate pride, becomes role models and be trusted by subordinates. In this regard, the respondents rated the existing industrial leaders behavior of instilling pride on employees with the mean result of (M=2.63, SD=1.386). This reveals that the leaders exhibited "fairly often times" a behavior towards instilling pride and confidence on his employees being associated with him as a leader. This implies that they lack the behavior of idealized influence of charismatic leadership, in which mostly leaders did not act as role models and create a sense of identifications with a shared vision. Moreover, they lack the quality and skills to instill pride and faith in followers as transformational leaders.

Concerning industrial leaders behavior of self initiations towards devoting for the interest of the employees, the mean score result of respondents (M=2.43, SD, 1.403),depicted that leaders are seldom exhibited a behavior which goes beyond their own self interest for the sake of employees welfare and goodness. In the same vein, respondents viewed that leaders action towards gaining respect from their employees is minimal with the mean score of (M=2.46, SD=1.420).Besides, the respondents revealed that leaders occasionally put on view the behavior of displaying a sense of power and confidence on employees with a mean score value of (M=3.45, SD=1.397).The findings of the study are incongruent with Moss and Ritossa,2007, in which, the Idealized influence describes the degree in which leaders are perceived as an inspiring role model for lower level employees.

**Table-4. Idealized Influence (Behavior)**

| | **Behavioral variables** | **N** | **M** | **SD** |
|---|---|---|---|---|
| 1 | Leaders talks to subordinates about his/her most important values & beliefs | 536 | 2.42 | 1.412 |
| 2 | Specifies the importance of having a strong sense of purpose | 536 | 2.41 | 1.399 |
| 3 | Emphases the importance of having a collective sense of mission | 536 | 3.52 | 1.325 |

Table -4 depicted that the mean score and standard deviations of the responses on various components of idealized influence behavior of transformational leadership style**.** Respondents viewed that industrial leader in Ethiopian manufacturing industries are not often talk to subordinates about his/her most important values & beliefs and specifies the importance of having a strong sense of purpose with the Mean values of 2.42 and 2.41 respectively. On the contrary, the majority of the respondents revealed that

an industrial leader often emphasizes the importance of having a collective sense of mission. In the same vein, most of the interviews affirmed that industrial leaders are not committed towards positively influencing on employees and engaged in communicating their organization vision and mission. Contrary to this findings, (Moss and Ritossa, 2007) revealed that leaders who apply influence on their followers gain the trust and confidence of the followers through positive influence and communication over all vision and mission of the organization. The followers admire the leader as a role model and respect the decision made by him or her.

**Table 5. Inspirational Motivation**

| | **Behavioral variables** | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders talks optimistically about the future | 536 | 2.61 | 1.453 |
| 2 | Leaders express his/her confidence that subordinates will achieve their goal | 536 | 2.48 | 1.383 |
| 3 | Leaders talks enthusiastically about what needs to be accomplished | 536 | 2.61 | 1.453 |

Literature reveals that inspirational motivation is a behavior of leader which manifests a trait in inspiring and motivating followers to demonstrate commitment to shared vision of the group, such a leader is also engages in clearly communicating high expectations to followers and increase team sprite and enthusiasm. In this regard, respondents viewed that industrial leaders has occasionally express optimistically about the future and often talks enthusiastically about what needs to be accomplished with a below average mean value of (M=2.61).

Moreover, they have revealed also that leaders have seldom (M=2.48, SD=1.383) express their confidence about subordinates ability and commitment in achieving the goal of the manufacturing industry. This pronouncement has also shared by interviewees that the contemporary manufacturing industrial leaders have shortfalls in creating team sprite and enthusiasm towards the industrial productivity and competitiveness of the sector.

These findings are parallel with the research findings of (Flip Lievens, 1997), who stated that leaders should place high values on the development of a clear vision and inspiring followers to pursue the vision.

Leaders who enhance follower's confidence and skills to devise innovative response, to be creative, and to take risks, can also facilitate the change over processes in organizations (Howells and Avolio, 1989). It seems clear that the manufacturing industrial leaders are not in a position to inspire and empower followers to enthusiastically accept and pursue challenging goals and activities of the manufacturing industrial sector.

**Table - 6. Intellectual Stimulation**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders seek differing perspectives when solving problems | 536 | 2.52 | 1.427 |
| 2 | Leaders suggest new ways of looking at how subordinates do their job | 536 | 2.80 | 1.408 |
| 3 | Leaders encourage subordinates to rethink ideas that have never been question before | 536 | 2.81 | 1.396 |

Intellectual stimulation is a behavior demonstrated by transformational leaders when they support subordinates to be creative and innovative, to try new approaches, and challenge their own beliefs and values. In this respect, respondents disclosed that manufacturing industrial leaders has occasionally show a behavior of seeking differing perspectives when solving problems, suggests new ways of looking at how subordinates do their jobs, and encourage subordinates to rethink ideas that have never been question before with a mean score value of M=2.52,M=2.80,M=2.81 respectively. It has been strongly complimented by the majority of interview respondents. The findings reveal that industrial leaders in the manufacturing sector are not well promoting problem solving capacities of employees to find creative solutions to the task at hand. This is the behavioral dimension of transactional and lazefaire leaders than transformative leaders which leads to dissatisfaction and ineffectiveness in productivity (Delug, 1992).

**Table- 7. Individualized Considerations**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders treat subordinates as an individual rather than just a member of a group | 536 | 2.61 | 1.431 |
| 2 | Leaders focus subordinates on developing his/her strengths | 536 | 2.44 | 1.399 |
| 3 | Leaders spend each of the subordinates as individuals with different needs, abilities and aspirations | 536 | 2.51 | 1.447 |

Individualized consideration is expected to be given away by transformational industrial leader through creating a supportive climate, listening to subordinates, and act as a coach and mentor in their day to day

endeavors. In this respect, the respondents agree that leaders occasionally treat subordinates as an individual rather than just a member of a group with the mean score value of (M=2.61, SD=1.431). Moreover, respondents concur that industrial leaders behavior towards giving a focus on developing subordinates strength is very rarely exhibited with a Mean score value of 2.44 and SD=1.399). Furthermore, they revealed that industrial leaders often spends their time to treat each of subordinates as individuals with their needs, abilities and aspirations with a mean score value of (M=2.51 and SD=1.447).

These findings revealed that industrial leaders in Ethiopian manufacturing industries belittle the contributions of individual employees in the transformation process and the need for giving an attention to treat as crucial resources of the organization. Moreover, the implication of the analysis depicted that the manufacturing industrial leaders give little thought to individual's differences and treat individuals in a caring way. Contrary to this finding, the research result by Kent and Chelladurai (2001) posited that individual consideration and intellectual stimulation are crucial and has positive correlation with employees' commitment towards organizational goal achievement.

1. **Dimensions of Transactional Leadership**

**Table- 8. Contingent Reward**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders provide his/her assistance in exchange for subordinates' efforts. | 536 | 3.16 | 1.081 |
| 2 | Leaders express his/her satisfactions when subordinates do a good job | 536 | 3.40 | 1.425 |

Contingent reward is one of the behavioral dimensions of transactional leadership style which depict how the leader and followers exchange specific rewards for certain achievements, performance and products. As the above table designate, the majority of the respondents revealed that contingent reward as transactional leadership behavioral dimension has been occasionally exhibited by industrial leaders. Respondents clearly spelt out that industrial leaders have shortfalls in providing their assistance for subordinate's efforts, and expressing their satisfaction when the subordinates do a good job with the mean score value of (M= 3.16) and (M= 3.40) respectively. The interview respondents has also confirmed that if one does well according to a set of expectations, he will be rewarded, but if he does against or below the standard, he will be penalized for it. The analysis results point out that manufacturing

industrial leaders are staid on standards and their satisfaction and initiation towards employees is determined by the fulfillment of preset standards and performances.

**Table- 9. Management by exception (Active)**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders' focus attention on irregularities, mistakes and deviations from standards. | 536 | 3.59 | 1.402 |
| 2 | Leaders spends his/her time trying to ''put out fires''. | 536 | 3.63 | 1.389 |
| 3 | Leaders keep track of subordinates mistakes | 536 | 3.94 | 1.207 |

Management by exception (active) is one dimension of the transactional leadership in which leaders makes corrective criticisms or uses negative reinforcement. This leadership behavior monitors followers closely and point out mistakes and errors. In this respect, respondents were requested to reveal how frequent our industrial leaders exhibit the behaviors mentioned above.

The majority of the respondents revealed that the manufacturing industrial leaders often exhibit the behavior of management by exception- active through focusing attentions on irregularities, mistakes and deviations from standards, spends their time trying to "Put out fires" and keeps track of subordinates mistakes with the mean score value of (M=3.59, M=3.63, M=3.94) respectively. These clearly disclose that the existing industrial leaders are customary to enforce rules to avoid mistakes and promote productivity in the manufacturing industries.

**Table - 10. Management by Exception (Passive)**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| 1 | Leaders fail to intervene until problems become serious | 536 | 3.70 | 1.121 |
| 2 | Leaders show he/she is a firm believer in if **it is not broken, don't fix it.** | 548 | 3.67 | 1.183 |
| 3 | Leaders believes that problem must become chronic before she/he will take action | 536 | 3.58 | 1.398 |

Transactional leadership behavior has the scales of management by exception (Passive). In this leadership style, the leader uses management by exception (Passive), which is only intervening when goals have not been met or a problem arises. In this contextual parameter, respondents are viewed the manufacturing industrial leaders often exhibit the behavior of failing to intervene until problems become stern with the mean score value of (M=3.70).

In the same vein, the majority of respondent viewed that the existing industrial leaders in manufacturing industries often exhibited the behavioral principle '**if it is not broken, don't fix it".** The subjects of the study has also concur that the existing industrial leaders often believes that problem must be chronic before any action is taken with the mean score value of (M=3.58). This implies that most of the industrial leaders are sluggish enough to respond problems ahead before it becomes chronic. Moreover, the findings of the study clearly views that most of the industrial leader in the manufacturing sector do not intervene to resolve the manufacturing industrial bottlenecks until problems become serious and waits to take action until mistakes are brought to their attention.

**Table - 11. Laissez-faire Leadership style**

| | Behavioral variables | N | M | SD |
|---|---|---|---|---|
| **1** | Leaders avoid getting involved when important issues arises | 536 | 2.52 | 1.425 |
| **2** | Leaders are absent when needed | 536 | 2.80 | 1.405 |
| **3** | Leaders avoid making decision | 536 | 2.62 | 1.432 |
| **4** | Leaders delay responding to urgent questions | 536 | 2.51 | 1.444 |

As per the literature, Laissez-faire leadership reflects absence of leadership and avoidance of interventions. In this regard, respondents were asked to rate the behavior of the manufacturing industrial leaders in terms of different behavioral dimensions of Laissez-faire Leadership style.

As the table above illustrates, most of the respondents revealed that manufacturing industrial leaders occasionally avoid getting involved when important issues arises in industries with the mean score value of (M=2.52, SD=1.425).This manifests that industrial leaders are concerned to significant issues are arisen in the manufacturing sector. Similarly the industrial leaders are sporadically absent when needed and avoid decision and delay responding for the request of the industry with the mean score value of 2.8, 2.6, and 2.5 respectively. This has also reveals that industrial leaders are frequently attend to decision making and concerned to respond to the quest from employees. The overall behavioral implication is that the existing industrial leaders in the manufacturing sector are more attentive to the sector issues as being more transactional than being laissez-faire in their leadership behavior.

In order to determine the extent to which the manufacturing industrial leaders use of transformational, transactional or laissez-faire leadership styles, the mean score and standard deviation were calculated for each of the behavioral factors of the three leadership styles: Besides, mean and standard deviation

for transformational, transactional and laissez-faire leadership style were also calculated to compare the manufacturing industrial leaders frequency of usage of any of the leadership styles dominantly or use a combination of leadership styles. If any of the leadership styles had a mean score above the overall mean, that style was considered as the frequently exhibited leadership behavior. If more than one of the leadership styles had a mean score above the overall mean, the conclusion is drawn that the manufacturing industrial leaders use a combination of the different styles of leadership.

**Table -12 Mean score and SD of Leadership Styles and behaviors**

| | **Leadership Style** | | | | |
|---|---|---|---|---|---|
| **1** | **Transformational** | **M** | **SD** | F-value | p-value |
| 1.1 | Idealized Influence(Attributed) | 2.74 | 1.462 | 2.019 | .089 |
| 1.2 | Idealized Influence(Behavior) | 2.71 | 1.442 | | |
| 1.3 | Inspiration Motivation | 2.66 | 1.400 | | |
| 1.4 | Intellectual Simulation | 2.71 | 1.417 | | |
| 1.5 | Individualized Considerations | 2.52 | 1.428 | | |
| | Total | 2.67 | 1.431 | | |
| 2 | **Transactional** | | | | |
| 2.1 | Contingent Rewards | 3.31 | 1.325 | 18.881 | .000 |
| 2.2 | Management by Exception (Active) | 3.78 | 1.283 | | |
| 2.3 | Management by Exception (Passive) | 3.65 | 1.241 | | |
| | **Total** | 3.58 | 1.297 | | |
| 3 | **Laissez-faire** | 2.61 | 1.431 | | |

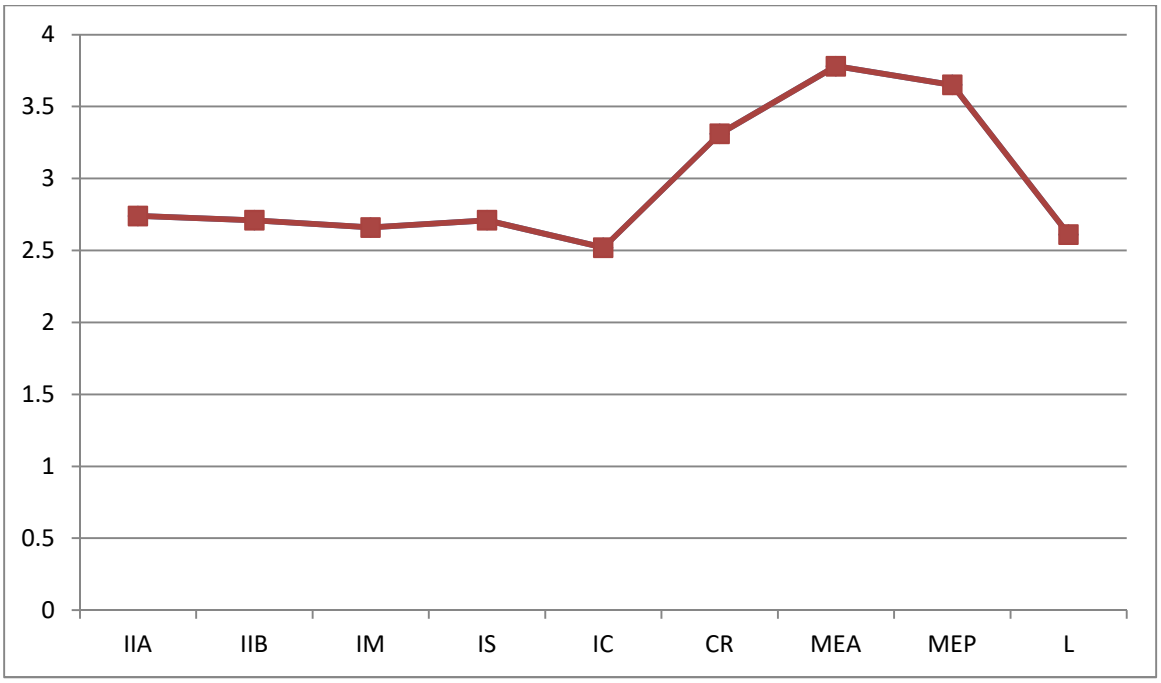
Table 12 depicted that the mean score and standard deviations of the responses on the various behavioral components of transformational, transactional and laissez-faire leadership styles. As viewed in the table above, the result of the study reveals that the manufacturing industrial leaders exhibited all the behavioral components of transformational and transactional leadership styles. Among the five behavioral variables of transformational leadership, the industrial leaders of the manufacturing sector occasionally exhibited “Idealized Influence (attributed”) with the mean value of (M=2.74, SD=1.462).

Idealized influence (behavior) and intellectually stimulation are also the relatively most exhibited behaviors with the Mean score value of (2.71, 2. 66) respectively. Inspirational motivation and individualized considerations are relatively the list exhibited behavioral patterns of manufacturing industrial leaders with the mean value of (M=2.71, M=2.52) respectively. The analysis reveals that the existing industrial leaders is not articulating appealing view of the future, and not consider the contribution of each individuals in the goal achievement of the sector(Jandaghi,2009, Bass, 2003).

The overall transformational leadership style had a mean score of (M=2.67) with no statistically significant mean score difference ($p< 0.05$) between the behavioral dimensions of transformational leadership. This implies that industrial leaders occasionally exhibited transformational leadership styles, which will have a hindering role in the overall transformation and development of the manufacturing industry. Transformational leadership style is the prominent leadership style, which motivate and initiate employees towards the success of manufacturing industry (Zahir, 2012).

Among the three components of transactional leadership, the industrial leaders of the manufacturing sector "Management by Exception (active)"was exhibited frequently if not always with the mean score value of (M=3.78, SD=1.283), and (M=3.65, SD=1.241). Contingent reward is relatively the least exhibited (M=3.31) behavior in the transactional leadership styles. Overall, transactional leadership had a mean score of (M=3.58) with no statistically significant mean score difference of ($P<0.05$) the behavioral dimensions of transactional leadership. This means that such leadership style is frequently exhibited behavior of the industrial leaders in Ethiopian manufacturing industries. However, the analysis of data shows that laissez-faire leadership' style and its behavioral components exhibited occasionally in the leadership activities of manufacturing industrial leaders. The minimal frequency of laissez-faire leadership style exhibited is encouraging leadership trend, this is because, and laissez-faire leadership style is associated with dissatisfaction and ineffectiveness (Delug, 1992).

Fig.1 **Comparison of Leadership Behaviors Dimensions**



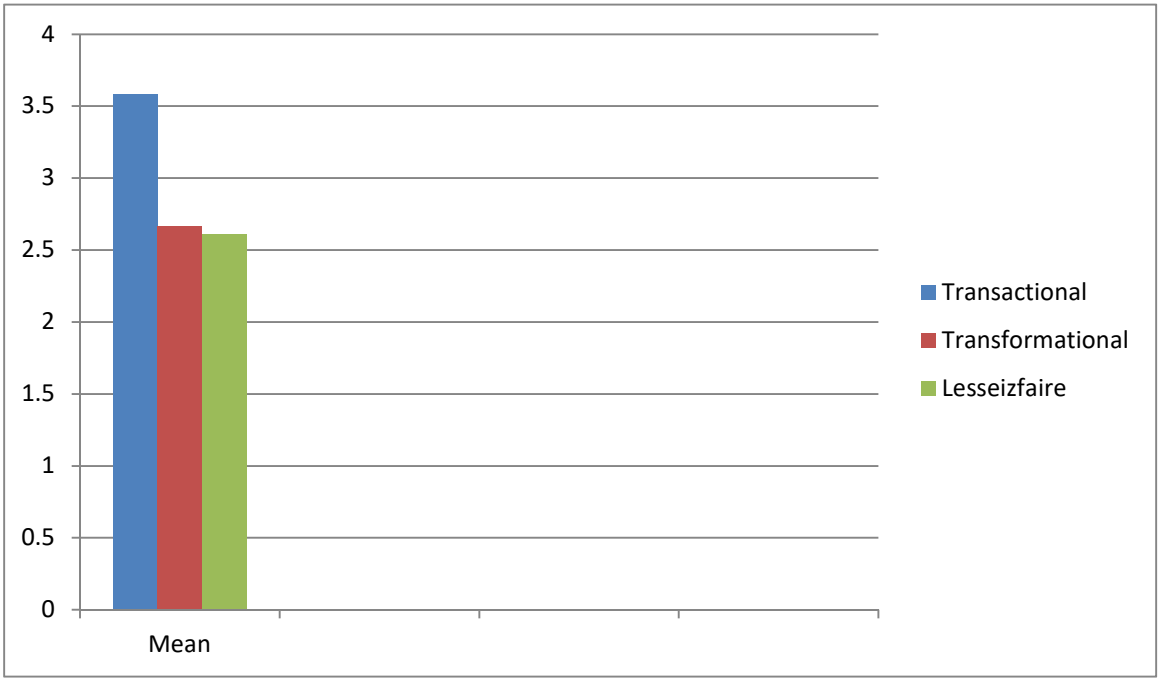

**Key: IIA** (**I**ndividual **I**nfluence -**A**ttributed), **IIB** (**I**ndividual **I**nfluence-**B**ehaviors)
**IM**(**I**nspirational **M**otivation), **IS** (**I**ntellectual **s**timulation), **IC** (**I**ndividual **C**onsideration)
**CR** (**C**ontingent **R**eward), **ME (A)-M**anagement by **E**xception-**A**ctive
**ME (P)**- **M**anagement by **E**xception-**P**assive, **L** (Laissez-faire).

The figure above shows that the behavioral dimensions of transactional leadership like contingent reward, Management by exception-active and passive are dominantly exhibited in Ethiopian manufacturing industrial leadership. The transformational leadership behavioral dimension comes to the next dominantly exhibited leadership behavior in the manufacturing industrial leaders. Laissez-faire leadership behaviors are the least exhibited ones. In this respect, a large proportions of the interviewee confirmed that most manufacturing industrial leaders are transaction than transformational in their leadership style and behavior dimensions.

**Table 13.Comparison of the three Types of Leadership**

| Leadership style | N | Mean | Std. Deviation | 95% Confidence Interval for Mean | | F-value | p-value |
|---|---|---|---|---|---|---|---|
| | | | | Lower Bound | Upper Bound | | |
| Transformational | 536 | 2.67 | 1.432 | 2.55 | 2.79 | 82.749 | .000 |
| Transactional | 536 | 3.58 | 1.298 | 3.47 | 3.69 | | |
| Laissez-faire | 536 | 2.61 | 1.431 | 2.49 | 2.73 | | |
| Total | 1608 | 2.95 | 1.457 | 2.88 | 3.02 | | |

**Fig 2. Comparison of the three Types of Leadership**




Data on Figure 2 above depicts the overall perception of respondents on how frequent their leaders exercised the three types of leadership style. It is evident from the figure that industrial leaders in the manufacturing sector employ and exhibit a combination of transformational, transactional, and laissez-faire leadership styles and their behavioral components so as to execute their managerial duties. These findings concur with the research results of Bass and Sleidlmeir (1998), who found that it is possible for a leader to exhibit attributes and behaviors that include both transactional and transformational leadership.

Transactional and transformational leadership are not viewed as opposite ends of a continuum, the same leader can display each of the full range of behaviors or styles (Aolio and Bass, 1991).

Even though, the manufacturing industrial leaders were found to use both transformational and transactional, laissez-faire leadership styles, it was also evident that they were more transactional than transformational and laissez-faire with the mean value of (2.67,3.58, 2.61) respectively with no statistically mean difference at alpha level( $P<0.05$). This analysis clearly depicted that industrial leaders in Ethiopian manufacturing industry mostly follow the transactional leadership styles and its behavioral domains which has an implication for employees' management and their commitment towards their contribution to achieve the goals and vision of the sector. In this regard, research made by Lee (2004) found that transformational leadership correlates significantly with organizational commitment which seems a missed quality of manufacturing industrial leaders.

This further supported by Walumbwa and Lawler (2003) that transformational leaders can motivate and increase followers' motivation and organizational commitment by getting them to solve problems creatively and also understanding their needs. This is also complemented by a research done by Arnold, Barling and Kelloway (2001), and they further clarify that transformational leadership helps to increase trust, commitment and team efficacy. This implies that industrial leaders who give advices, supports, will enhance the levels of organizational commitment of the employees.

Contrary to this, transactional leadership does not have significant relationship with organizational commitments. Besides, Tolmay (2004) noted that no correlation was found between transactional leadership and continuance commitment of employee towards organizational goals.

## 5. Summary, Conclusion and Recommendations

### 5.1. Summary of Major Findings

- The existing man industrial leaders lack the behavior of idealized influence of charismatic leadership.
- Mostly leaders did not act as role models and create a sense of identifications with a shared vision, and they don't instill pride and faith in their followers.
- The majority of the respondents revealed that manufacturing industrial leader often emphasizes the importance of having a collective sense of mission.
- The existing manufacturing industrial leaders are not committed towards positive influence on employees and engaged in communicating their organization vision and mission.
- Manufacturing industrial leaders are not good enough in creating team sprite and enthusiasm towards the industrial productivity and competitiveness of the sector.
- The findings reveal that industrial leaders in the manufacturing sector are not well promoting problem solving capacities of employees to find creative solutions.
- The majority of the respondents revealed that contingent reward as transactional leadership dimension has been occasionally exhibited by industrial leaders.
- The majority of respondent viewed that the existing industrial leaders in Ethiopian manufacturing industry often exhibited the behavioral principle '**if it is not broken, don't fix it".**
- The analysis clearly indicated that most of the existing manufacturing industrial leaders occasionally exhibited transformational leadership styles.
- Among others, Inspirational motivation and individualized considerations are relatively the list exhibited behavioral patterns of industrial leaders.
- Laissez-faire leadership' style and its behavioral components exhibited occasionally in the leadership activities of manufacturing industrial leaders.

### 5.2. Conclusion and Recommendations

It is apparent from the study that the manufacturing industrial leaders employ a combination of transformational, transactional and laissez-faire leadership styles. Even though the industrial leaders were found to use both leadership styles, it was also evidenced that they are more of transactional than transformational and laissez-faire in executing their leadership roles. The behavioral dimensions of transactional leadership like management by exception active and passive and contingent reward are dominantly exhibited than transformational behaviors of individual consideration, intellectual stimulation and idealized influences in the leadership role exercise of manufacturing industrial leadership.

Bass and Reggio (2006) stated that transformational leadership is the prototype of leadership that people have in mind when they describe their ideal leader. Bass also stated transformational leaders are more effective and successful. If the industrial leaders are using transformational leadership more often than transactional or laissez-faire leadership, the chances for success and the continued viability for manufacturing industry is promising.

Contrary to this, the study revealed that manufacturing industrial leaders are not dominantly demonstrating transformational leadership behavior. This is an indication that they are behind the full application of transformational leadership in their respective industries to bring about change to individuals, and the manufacturing industries. This state of affairs may bring about a negative effect in overall industrial transformation. Therefore, industrial leaders need to have mentoring and coaching services by qualified professionals in transformational leadership to be able to demonstrate a full-fledged transformational leadership behavior.

Hence, it is recommended that industrial leaders in Ethiopian manufacturing industry must capitalize their initiation to be transformational leader of the sector so as to transform the economic structure of the nation in general and manufacturing industrial development in particular. Since transformational leadership style leads to more effective leadership performance, industrial leaders' needs leadership development programmes that will endow with the necessary learning experiences which can stimulate transformational leadership behaviors.

Leadership Capacity building and development programs for manufacturing industrial leaders should therefore focus on getting leaders to show transformational leadership behaviors have positive relationship with industrial performance. The implication clearly shows the need to establish industrial leadership institute in the country and HEI needs to have educational programs, which enable the industrial leaders of the country to be transformational and new youngsters who will become the future industrial leaders of the country. The existing Industrial Development institutes of the manufacturing sector should work hard in collaboration with MoI to capacitate the leadership skills of industrial leaders.

To this end, industrial leadership and capacity building programmes should be therefore expanded and focus on capacitate leaders to develop their leadership abilities to be able to recognize the role of leadership in organizing and inspiring others towards the realization of the vision of the manufacturing industry in the nation.

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