

**Examining Relationship between Leadership Styles and Employee Engagement in
Service Providing Industry**

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Abstract

Organizations direct all of their resources towards achieving high performance, an overall effectiveness ensuring success of any company. One of the greatest assets for any organization is human capital, in particular, employees who are engaged as they are more loyal, productive and eager to contribute to company's success. Hence, enhancing employee engagement is a great concern for any company.

Previously there have been a number of studies carried out worldwide investigating the drivers for employee engagement. Some of them linked employee engagement level with leadership style and established a solid association between them. However, in Georgia there is still a lack of similar empirical studies examining this very topic.

On the basis of previous empirical studies, the present research has been conducted to identify what kind of influence leadership style has on employee engagement in service industry in Georgia. For the purpose of this study, three of the most dominating leadership styles have been selected: Transformational leadership, Transactional leadership and Passive/Avoidant leadership. This research has been carried out to determine what kind of relationship exists between abovementioned leadership styles and employee engagement. As for employee engagement, it is measured according to three behavioral outcomes: Say, Stay and Strive.

The survey has been conducted using quantitative research methods among the representatives of service providing companies operating in Georgia, such as Banking and Finance Sector, Consultancy Service, Communication and Information Technologies, Tourism and Hospitality Services with the total number of 151 respondents who filled the online questionnaire.

The correlational analysis has been conducted and as a result, the relationship between each leadership style and employee engagement has been identified. The results suggest the linear correlation between the abovementioned two variables exists. It has been found that two out of three leadership styles, Transactional and Transformational, are positively correlated,

implying that the managers who display one of these leadership styles, can encourage their subordinates to be engaged. Whereas, the employee engagement and Passive/Avoidant leadership style are negatively correlated.

Findings of this study have practical implications for business sector as well as contribute to theoretical knowledge by providing relevant recommendations. It is recommended for supervisors to adopt either Transactional or Transformational leadership style in order to increase the level of their employees' engagement. On the other hand, they need to avoid Passive/Avoidant leadership style while managing their subordinates, as this style can negatively affect their engagement level.