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LEADERSHIP STYLES AND EMPLOYEE ENGAGEMENT OF
INGOS INTENTION TO SETUP MICROFINANCE IN
NORTHERN SHAN STATE

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NORTHERN SHAN STATE**

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ABSTRACT

This study aims to analyze leadership styles and employee engagement among INGOs intention to set up microfinance in Northern Shan State. Seven organizations are selected from a total of thirty-three in the region using the cluster sampling method. The study employs both quantitative and qualitative research methods, utilizing primary and secondary data. Primary data are collected from all permanent staff of the selected organizations using a structured questionnaire based on a seven-point Likert scale. Reliability analysis, correlation analysis, and multiple regression analysis are used in this study. The findings reveal that all leadership styles have a positive and moderate relationship with the three dimensions of employee engagement: vigor, dedication, and absorption. Specifically, transactional and laissez-faire leadership styles were found to have positive effects on all dimensions of employee engagement. However, transformational leadership style was not found to have a significant effect on any of the three dimensions. Based on these findings, the study recommends that the management of INGOs in Northern Shan should adopt a transactional leadership style to enhance employee engagement. This, in turn, will help improve organizational performance and support the achievement of objectives and programming outcomes in the microfinance sector within the region.

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LIST OF ABBREVIATIONS

AB	Absorption
DE	Dedication
INGOs	International Non-Governmental Organizations
VI	Vigor

CHAPTER I

INTRODUCTION

Leadership plays a critical role in shaping organizational performance and employee engagement across various sectors. In today's dynamic society, leadership appears in schools, universities, industries, businesses, healthcare, civil organizations, and public life. Effective leaders promote integrity, dedication, collaboration, and positive change. In particular, leadership is considered vital in navigating uncertain and complex organizational environments, where it supports strategic efforts to maintain stability and growth.

Leadership is essential for improving administrative performance and motivating employees toward shared goals. Leaders influence employee behavior by setting clear expectations, providing support, and ensuring the availability of resources (Werner, 2023). They are expected to inspire teams, build consensus, and guide efforts in line with organizational objectives (Paracha, 2012). Various leadership styles create different workplace cultures, which can significantly affect employee engagement and performance (Liu, 2024; Cummings & Schwab, 1973).

Employee engagement refers to the emotional, intellectual, and physical involvement of individuals in their work roles (Kahn, 1990). Engaged employees are more likely to contribute energy, skills, and passion, which enhances performance and contributes to organizational success (Agarwal, Datta, & Bhargava, 2007). Leadership plays a vital role in fostering such engagement by promoting a sense of purpose, psychological satisfaction, and alignment with the organization's vision. Employee engagement plays a big part in determining output, job fulfilment, and organizational effectiveness (Glavas & Piderit, 2009). A leader's skill in building consensus and aligning aid workers with shared objectives is crucial for effective humanitarian operations (Stephenson, 2005).

In the context of International Non-Governmental Organizations (INGOs), leadership becomes especially significant due to the often unstable and challenging working environments. INGOs operate in areas such as community development, education, health, social protection, and microfinance, aiming to promote public welfare (Teegen, Doh, & Vachani, 2004). In regions like Northern Shan State—where ethnic diversity, political instability, and frequent natural disasters increase community

vulnerability—effective leadership is needed to maintain staff morale, ensure operational continuity, and deliver responsive humanitarian aid (OCHA, 2024).

The microfinance sector within INGOs plays a key role in poverty alleviation by providing financial services such as loans, savings, and money transfers to low-income populations. Many individuals in Northern Shan State, especially those in rural areas, lack access to traditional banking services. Microfinance initiatives help these communities improve livelihoods, invest in agriculture, and access better healthcare (Yunus, 2007; Rosenberg, 2010; Hudon, 2009). However, critics argue that microcredit alone may not be sufficient to eliminate poverty (Helms & Reille, 2004; Morduch, 2009; Sorell, 2011).

With Northern Shan State's population largely rural and economically vulnerable (HIMS, 2021; MIMU, 2024), leadership within INGOs is instrumental in driving employee engagement to ensure the success of microfinance programs. Leaders must be flexible, motivating, and responsive, especially in times of crisis, to keep teams focused and aligned with mission-driven goals. Baiden (2022) pointed out leadership within INGOs is particularly important because it not only provides a clear vision and goals for community development but also directs crisis responses at the program, organizational, or system-wide level. Therefore, this study investigates how different leadership styles affect employee engagement in INGOs, specifically within the microfinance sector in Northern Shan State.

1.1 Rationale of the Study

Employee engagement is really important in organizations where dedication and motivation help achieve mission-driven goals. It demonstrates the emotional commitment of employees to their work, organization, and goals (Kahn, 1990). In INGOs, employees who are engaged tend to do better, work more smoothly, and bounce back from challenges more easily (Aggawal, Datta, & Bhargava, 2007). Especially within the public sector of international non-governmental organizations (INGOs), strong leadership is creating a constructive and supportive situation that encourages staff, boosts performance, and helps retain talented team members. Leaders show as leading pattern in enhancing member of staff productivity by supporting their team and fostering positive working norms (Al-Malki & Wang, 2018). Overall, organizations strive to improve employee engagement and performance to reach their goals successfully.

The microfinance sector shows a vigorous part in growing entree to services and empowering people in developing countries, including Myanmar. As this industry grows rapidly, having competent employees is critical for long-period achievement. The leadership approach in the microfinance sector greatly influences employee performance and engagement, which ultimately impacts the organization's profitability and sustainability. (Nthiga, 2023; Memon, 2022; Kariuki, 2021).

Many authors revealed that leadership is vital for organizational success and competitiveness in a rapidly changing, uncertain environment (Margie, 2011; Schneider & George, 2010). However, the international non-governmental organization (INGO) system often overlooks the potential benefits of diverse cultural identities in leadership roles, which can provide unique insights and problem-solving approaches. For instance, a study in Uganda reveals that performance measurement in NGOs is a multifaceted concept, significantly influenced by organizational structure, leadership dynamics, and stakeholder interests (Bagire, Aosa & Awino, 2012). Furthermore, highlighting how leadership style and access to resources are vital for the sustainability of local NGOs in Republic of Ghana demonstrates the importance of examining these factors more closely in various settings (Okorley & Nkrumah, 2012).

In the private sector of microfinance, organizations experiencing high employee turnover face significant costs associated with recruiting, onboarding, and training new personnel. These processes can be both expensive and demanding, particularly given the potential for operational disruptions as new team members integrate into their roles. While it is widely believed that motivational factors impact labor turnover. This observation prompts researchers to investigate how various leadership approaches may enhance employee retention within microfinance institutions.

The Path-goal theory explains how different leadership behaviors can boost followers' satisfaction and job performance, offering a useful framework to explore these effects (Umuteme, 2012). While it's widely acknowledged that leadership impacts organizational success either positively or negatively a significant gap remains in sympathetic how specific management styles influence employee adaptability and performance, especially in community development contexts like Northern Shan State, Myanmar (Yukl & Mahsud, 2010; Avolio & Gardner, 2005; Harms et al., 2017). This region hosts many international non-governmental organizations (INGOs) that are vital in supporting development projects and community efforts. Though, in development project aspects of major constraints, such as high turnover and burnout, worsened by

the turbulent political and economic situation (OCHA, 2023).

Although much leadership research emphasizes the individual leader's perspective, it's crucial to recognize that leadership is fundamentally a collaborative process involving leaders, followers, and the environment (Weber & Khademain, 2008). Organizations strive to foster trust and develop strong relationships at all levels by integrating morals and responsibilities into their practices, which supports effective management and growth. A leader's style can motivate team members and influence their development into valuable contributors, whereas missing essential skills may sometimes impede an employee's progress performance.

This study explores leadership styles in INGOs functioning in Northern Shan State, Myanmar. It provides perceptions into how different leadership methods affect employee engagement, aiming to aid the development of new initiatives, particularly in the microfinance sector. By addressing the specific challenges of Northern Shan, the research enhances our understanding of effective leadership and its role in fostering resilience, flexibility, and success in complex community settings. Additionally, the study explores on leadership styles can drive employee engagement, aiming to foster a thriving microfinance sector within these organizations.

1.2 Problem Statement

INGOs operating in Northern Shan State, Myanmar, face a unique set of challenges that complicate their efforts to achieve organizational goals and meet community needs. These challenges are complex and include external political, social, and environmental factors, as well as internal organizational issues, especially related to leadership and employee performance. The political instability and ongoing conflict in Northern Shan create obstacles for INGOs, such as government restrictions, fluctuating policies, and security risks. These issues can delay or disrupt operations and impede leaders' ability to provide effective support to their teams. Political uncertainty also makes decision-making difficult, leading to frustration and confusion among employees.

The region's ethnic diversity poses challenges for communication and trust-building with local populations. Employees from various ethnic backgrounds may have different expectations, causing confusions within teams. Effective leadership needs to navigate these cultural differences to promote collaboration and foster a cohesive work environment.

The underdeveloped infrastructure in Northern Shan State, including poor transportation and unreliable communication systems, creates logistical challenges for INGOs. These difficulties hinder aid delivery and make program implementation less efficient. Limited resources and logistical support can demotivate employees and lead to a mismatch between leadership expectations and on-the-ground realities. INGO employees working in crisis environments often face high stress due to long hours, emotional demands, and a heavy workload. Without proper support from leadership, stress can result in burnout, disengagement, or high turnover. Leaders must balance maintaining high performance standards with addressing employees' emotional well-being to prevent burnout and keep motivation high.

Effective leadership is vital during crises, demanding quick decisions and clear guidance. In high-pressure areas like Northern Shan, leaders need to foster confidence, handle uncertainty, and give teams a sense of purpose. Poor leadership can cause confusion, reduce morale, and hinder efficiency in emergencies. While leadership is known to influence employee engagement and performance, limited research exists on how different leadership styles impact INGOs specifically in Northern Shan. This knowledge gap makes it difficult for organizations to improve leadership approaches to boost employee performance and engagement in such challenging and stressful environments.

Additionally, implementing microfinance programs in Northern Shan faces specific challenges. Over-indebtedness, default risk, and competition with informal lenders can weaken these initiatives. The lack of infrastructure and logistical support further complicates the delivery of microfinance services, making it hard to reach the intended beneficiaries. These challenges require flexible and responsive leadership that can handle uncertainty, support staff, and ensure smooth operations. In the fast-changing microfinance industry, operative leadership is critical for motivating employees and achieving organizational goals. Nonetheless, there is a limited grasp of leadership styles' effect on engagement in microfinance institutions in Northern Shan.

This study explores the effects of various leadership styles: transformational, transactional, laissez-faire on employee engagement, especially regarding vigor, dedication, and absorption. Past research has mainly explored autocratic and democratic leadership, creating a gap in understanding that limits the ability of future microfinance programs to improve workforce performance and commitment.

Understanding which leadership styles best match employee expectations and

organizational goals is crucial for creating effective strategies. Suggested approaches involve promoting transparency, openness, and tailoring leadership styles to the unique needs and situations of the personnel. By identifying the effective leadership styles, microfinance programs can boost employee engagement and foster long-term sustainability and success.

INGOs operating in Northern Shan face a mix of political, cultural, logistical, and psychological challenges that make their work more difficult. These issues require flexible and responsive leadership capable of managing uncertainty, supporting staff, and keeping operations running smoothly. However, limited research exists on the impact of leadership styles on employee outcomes. This thesis explores the relationship between leadership styles and employee engagement within INGOs in Northern Shan State. Findings will offer valuable understandings to support INGOs progress their leadership strategies and effectiveness in the region.

1.3 Research Question

The following is the research question for this study:

How do leadership styles affect employee engagement in the intention to setup microfinance by INGOs in Northern Shan State?

1.4 Objectives of the Study

The study examines the effect of leadership styles on employee engagement in the intention to setup microfinance by INGOs in Northern Shan State. The specifics objectives are as follows:

1. to determine the effect of leadership styles on employee engagement (vigor) of intention to setup microfinance by INGOs in Northern Shan State.
2. to examine the effect of leadership styles on employee engagement (dedication) of intention to setup microfinance by INGOs in Northern Shan State.
3. to determine the effect of leadership styles on employee engagement (absorption) of intention to setup microfinance by INGOs in Northern Shan State.

1.5 Method of Study

This paper aims to explore by various leadership styles influence employee engagement in INGOs focused on community development in Northern Shan State, especially regarding their microfinance initiatives. The research combines quantitative and qualitative approaches, applying primary and secondary data. There are thirty-three organizations operating in the region. Among them, seven organizations were randomly selected using cluster sampling. Primary data were gathered from all permanent staff of the chosen organizations via a structured questionnaire based on a seven-point Likert scale. To fulfill the study's goals, analyses such as descriptive statistics, correlation, reliability, and multiple regression were performed to assess on leadership styles impact employee engagement in INGOs planning microfinance programs. Secondary data were obtained from textbooks, journals, articles, research papers, reports, and online sources.

The descriptive statistics provided an overview of the data, offering insights of the fundamental tendencies, dispersion, and distribution of both independent and dependent variables. This helped us understand basic features like the mean, overall mean score, and standard deviation, supporting our findings.

The correlation analysis assessed how transformational, transactional, and laissez-faire leadership styles relate to employee engagement aspects like vigor, dedication, and absorption. This helped identify significant relationships and patterns.

Reliability analysis confirmed the consistency and stability of our measurement tools, with Cronbach's alpha verifying the dependability of the scales for leadership styles and engagement. Multiple regression analysis then examined how leadership styles influenced engagement levels, showing each style's impact on employee engagement.

1.6 Scope and Limitations of the Study

This study examines employee engagement within International Non-Governmental Organizations (INGOs) in Northern Shan State, Myanmar. Seven organizations were selected through random sampling from a total of thirty-three INGOs operating in the region. The organizations included are the International Rescue Committee (IRC), Danish Refugee Council (DRC), Oxfam, Relief International (RI), Archinova, Norwegian Refugee Council (NRC), and Welthungerhilfe (WHH). Collectively, these organizations employ a total of 107 full-time staff members: 37 from

IRC, 15 from DRC, 10 from Oxfam, 12 from RI, 6 from Archinova, 17 from NRC, and 10 from WHH.

This study does not aim to cover all INGOs in Myanmar, nor does it extend to other industries, the public sector, or health-specialized professionals such as medical doctors, nurses, or certified health personnel (including health assistants, nurse aides, and pharmacists). Furthermore, it does not discover the stimulus of leadership styles and organizational culture on performance within local organizations or Community Social Organizations (CSOs). The primary focus is to measure the effect of leadership styles specifically among INGOs operating in Northern Shan State, Myanmar. Volunteers and staff engaged on a temporary contractual basis are also excluded from this research.

1.7 Background of International Non-Governmental Organizations

INGOs have played a significant role in Myanmar, particularly in supporting humanitarian relief, development aid, and peacebuilding efforts. They have worked alongside local organizations and the government to address various challenges, including poverty, conflict, and disaster response. The INGO Forum Myanmar, a coordinating body, aims to improve the effectiveness and coherence of these efforts (OCHA, 2024).

Historically, UN agencies and international NGOs began operating in Myanmar in the early 1990s, supporting local NGOs and contributing to service delivery in areas like healthcare, HIV/AIDS prevention, and microfinance. The devastating impact of Cyclone Nargis in 2008 spurred the growth of civil society, with local organizations forming to conduct relief work and international NGOs soon joining. Since then, INGOs have remained active in Myanmar, operating in multiple sectors to tackle both immediate humanitarian needs and long-term development objectives (OCHA, 2023).

INGOs focus on several key areas, including humanitarian relief, development aid, peacebuilding, and civil society support. They assist people affected by natural disasters, conflict, and other emergencies. Additionally, they support various development programs, including health, education, agriculture, microfinance, and livelihoods. INGOs also play a role in promoting peace and reconciliation through various initiatives, including conflict resolution and capacity building. Furthermore, they work with local NGOs and civil society organizations to strengthen their capacity and enable them to participate in decision-making processes (OCHA, 2024)

Operationally, INGOs often work in partnership with local organizations, leveraging their expertise and understanding of the local context. As part of INGOs' coordination bodies, the INGO Forum aims to improve coordination and coherence among INGOs and other stakeholders, ensuring effective resource allocation and avoiding duplication of efforts. INGOs operate in various sectors, with some focusing on specific areas like health, microfinance or agriculture, while others have a more multi-sectoral approach. Many INGOs employ local staff and rely on the knowledge and insights of local communities. Despite their significant contributions, INGOs face challenges navigating a changing political landscape, particularly with restrictions on their operations and funding. They need to be responsive to the needs of local communities and avoid imposing their own agendas. Ensuring the long-term sustainability of INGO programs and building the capacity of local organizations to take over responsibilities is crucial. By partnering with local organizations and utilizing their strengths, INGOs can significantly enhance their impact on the lives of people in Myanmar (OCHA, 2024).

INGOs in Myanmar employ various leadership styles to navigate complex situations and achieve their goals. Transformational leadership is frequently employed to inspire and motivate teams, encouraging innovation and facilitating change. Transactional leadership ensures efficiency and clarity by setting clear objectives and rewarding performance. Laissez-faire leadership allows autonomy and empowers local staff to make decisions, promoting creativity and independence. These diverse leadership styles help INGOs effectively address the needs of communities and enhance organizational performance (OCHA, 2024).

1.7.1 Leadership Styles of International Non-Governmental Organizations (INGOs)

This section explores how INGOs in Northern Shan State adopt leadership styles critical for addressing unique challenges like limited resources, stakeholder demands, and their missions. Common types include transactional, transformational, and laissez-faire. Transactional provides structure but may hinder innovation; transformational encourages long-term change but risks dependence on leaders; laissez-faire works with skilled teams but can be inefficient without guidance. Adapting these styles to organizational contexts is essential for INGOs (OCHA, 2024).

(a) Danish Refugee Council

The Danish Refugee Council (DRC), founded in 1956, is Denmark's largest humanitarian NGO, specializing in development and assistance. Operating in over 40 countries, DRC provides protection, advocacy, and sustainable solutions for migration communities. With around 8,000 employees, DRC addresses both immediate and long-term humanitarian needs (Danish Refugee Council, 2025). In the Danish Refugee Council (DRC), leaders employ various leadership styles, including transformational, transactional, and laissez-faire, to achieve their organizational goals. They are given autonomy to make decisions while ensuring accountability, establishing a results-oriented direction, fostering teamwork, and embodying organizational values. Additionally, leaders promote transparency, build relationships, pursue strategic objectives, and create a supportive environment (Danish Refugee Council, 2025).

(b) International Rescue Committee

The International Rescue Committee (IRC) was founded in 1933 at the request of Albert Einstein to help those fleeing Nazi persecution. Today, the IRC operates in over 40 countries and 28 U.S. cities, providing emergency aid and long-term support to people affected by disasters. The organization focuses on restoring health, safety, education, economic well-being, and empowerment for those in need (IRC Way, 2025). The IRC uses a structured leadership approach to manage its global humanitarian efforts. The staff leadership board and the senior leaders' group are key to strategizing and carrying out the IRC's mission. These leadership groups develop and implement strategies that align with the IRC's humanitarian goals, ensuring effective and efficient work across various regions and programs. IRC leaders promote collaboration among different departments and teams, coordinating efforts, sharing resources, and utilizing expertise to maximize their humanitarian impact. IRC employs various leadership styles, including transformational, transactional, and laissez-faire, to guide its humanitarian work. Transformational leadership inspires and motivates staff to reach their full potential and surpasses expectations. Transactional leadership, on the other hand, emphasizes routine supervision and performance, ensuring accountability and clear structures. Laissez-faire leadership provides staff with autonomy, allowing them to make decisions while offering minimal direct oversight. These leadership styles enable the IRC to respond effectively to crises and support vulnerable populations worldwide (IRC Way, 2025).

(c) Oxfam

Oxfam, founded in 1942, initially provided food to starving women and children in Greece during WWII. Now, operating in 77 countries with partners, it responds to emergencies, rebuilds livelihoods, and advocates for change. Oxfam's leadership emphasizes transformative approaches to empower women, integrating gender and power analysis into programs and policies. Leadership encourages reflection on power and principles, fostering a culture aligned with these values. Through this, Oxfam promotes gender equality and includes women's voices in its work (An Oxfam Guide 2014).

(d) Relief International

Relief International was founded in Los Angeles in response to the 1990 Manjil-Rudbar earthquake. The organization partners with affected communities to save lives, build resilience, and promote health and well-being. Operating in 15 countries, it provides health, nutrition, education, economic, and WASH services (Relief International, 2025). Its leadership is based on strategic management, collaboration, and adaptability, enabling effective aid in fragile settings. Relief International employs various leadership styles, including transformational, transactional, democratic, and laissez-faire, to guide efforts. Transformational leadership helps marginalized groups access opportunities, emphasizing adaptability and innovation to meet evolving needs through new approaches, technologies, and partnerships. The organization also prioritizes staff development, fostering a supportive environment with growth opportunities and resources. These leadership approaches ensure effective crisis response and support for vulnerable populations worldwide (Relief International, 2025).

(e) Welthungerhilfe

Founded in 1962 at the initiative of then-German President Heinrich Lübke, Welthungerhilfe operates in 36 countries, focusing on tackling global hunger and poverty through sustainable development and humanitarian efforts. Its goal is to achieve "Zero Hunger by 2030" by empowering people to help themselves. The organization's Executive Management oversees daily operations, following the guidelines set by the General Assembly and Board of Directors. To manage effectively and address global challenges, WHH employs various leadership styles, including

democratic, transformational, and transactional approaches. The team is led by the Secretary General and Chief Executive Officer, who has been with WHH since 1998 and has served as Executive Director of Programs since 2010. They guide the overall strategic direction and ensure the organization's effectiveness in combating hunger and poverty (Executive Management – Welthungerhilfe, 2025).

(f) Norwegian Refugee Council

The Norwegian Refugee Council (NRC) was established in 1946 to support refugees in Europe following World War II. Today, NRC operates in 40 countries, offering protection and assistance to migrants through various programs including food security, education, and legal aid. The organization is based in Oslo and employs around 16,500 staff worldwide (Norwegian Refugee Council, 2025). The NRC is guided by a leadership philosophy that emphasizes accountability, transparency, and a commitment to humanitarian principles by focusing on transformational, delegative leadership and empowering staff through autonomy, similar to a laissez-faire approach. The senior management team, based in Oslo, includes the Secretary General and department heads responsible for field operations, external relations, and risk management. Governed by a board of directors, the NRC adheres to Norwegian law for foundations. Their leadership remains deeply committed to humanitarian principles, ensuring that operations are directed by the needs of displaced people, with a focus on protection, assistance, and advocacy (Norwegian Refugee Council, 2025).

(g) Archinova

Archinova was founded in 2010. It is a full-service architectural firm that designs modern, functional, and attractive projects for both residential and commercial spaces. The organization offers services from concept to completion, using innovative technologies and sustainable methods (Archinova Profile, 2025). Archinova focuses on design, development, project management, and the integration of all essential engineering disciplines, tailored to the client's needs. The organization currently employs a combination of leadership styles to effectively manage projects and teams. These include adaptive leadership, which allows quick responses to changes and challenges, and visionary leadership, which helps set a clear direction and promote innovation. They aim to deliver excellent services to clients and utilize various leadership styles, with situational and adaptive leadership being most common. By

applying these leadership strategies, the organization improves management performance through its workspace development approach (Archinova Profile, 2025).

1.8 Organization of the Study

The thesis is organized into five chapters. Chapter 1 introduces the study, outlining its objectives, rationale, problem statement, research questions, goals, methodology, scope, limitations, and overall structure. Chapter 2 provides a literature review, discussing leadership styles, employee engagement, previous studies, and the conceptual framework. Chapter 3 details the research design, including the sampling strategy, data collection methods, questionnaire design, data analysis techniques, reliability testing, and both correlation and multiple regression analyses. Chapter 4 presents the findings, covering demographic characteristics, perceptions of leadership styles, and employee engagement, along with tables showing correlation and regression results. Chapter 5 concludes the thesis by summarizing the findings, discussing their implications, offering suggestions and recommendations, and identifying areas for future research.

CHAPTER II

LITERATURE REVIEW

This chapter reviews relevant literature for this thesis. Previous research is crucial as it informs researchers about similar findings in the field. From this review, a conceptual framework is developed, incorporating the survey's dependent and independent variables, which serves as the foundation for the research. The literature on leadership styles and employee engagement spans various countries and industries, highlighting different impacts on engagement. Notably, transformational and transactional leadership are closely associated with employee engagement (Rasool, 2015). The connection between laissez-faire leadership and engagement is nuanced, with some followers reporting negative correlations (Aboushaqah, 2015). Democratic and participative leadership styles are mainly used, promoting team-oriented approaches (Pannalinkara, 2015). To meet organizational goals amid intense competition from INGOs, project management team should utilize diverse leadership styles to boost employee engagement, particularly among experienced and talented staff (Lwin, 2019). Consistent evidence suggests that leadership styles have a significant impact on employee performance, yielding various outcomes at both individual and organizational levels in collaboration (Ohemeng, 2018).

2.1 Concepts of Leadership Style

Leadership is a complex and dynamic process that involves asserting authority, taking responsibility, and delegating power (Talat et al., 2015). It plays a vital role in guiding and motivating employees to achieve both personal and organizational objectives. Effective leadership tackles challenges, models appropriate behavior, supports employees, and provides direction for task completion.

Kumar (2014) defines leadership as the ability to influence others to achieve goals and promote organizational cohesion through values, ethics, character, knowledge, and skills. Leadership also involves envisioning change, mobilizing resources, and instilling shared values to drive progress and transformation. According to Chakraborty (2024), effective leaders foster confidence and passion, inspiring followers to commit to a collective vision.

Leadership is not limited to positional authority but is a multifaceted societal

process that reflects the values, knowledge, skills, and perspectives of both leaders and followers. Building and maintaining strong leader-follower relationships requires continuous effort (Hersey & Blanchard, 1984). Although leadership has become a well-established academic discipline through decades of study (Glynn & Raffaelli, 2010), scholars still debate a universal definition. Nonetheless, most agree that leadership involves a blend of behaviors and traits that enable individuals to guide others effectively.

Bass (1990) notes that leaders influence behavior by providing rewards for achievement and penalties for underperformance. However, this approach may result in minimal effort from followers, who aim only to avoid punishment. Doyle and Smith (2001) emphasize that leaders must monitor performance, identify issues early, and take corrective action. They should clearly communicate tasks and reward successful efforts, thereby reinforcing productivity and loyalty.

Leadership style refers to a consistent set of behaviors displayed by a leader, typically categorized into task-oriented and relationship-oriented dimensions (Cuadrado, 2007). Memon (2014) explains that leadership styles determine how a leader motivates, directs, and manages people and projects. These styles vary across organizations and contexts and significantly impact employee performance and organizational culture (Mehmood & Arif, 2011).

Darling and Leffel (2010) argue that the most effective leaders often integrate multiple leadership styles instead of relying on a single approach. The selection and application of an appropriate leadership style can influence employee morale, motivation, and engagement. Organizations with effective leadership are more likely to stay aligned with their strategic goals and adapt when needed.

Hill (2008) adds that employees who receive clear guidance from their leaders are more focused on organizational goals and procedures, which enhances their job performance. When leaders implement suitable leadership styles, they provide direction, build employee confidence, and promote workplace motivation, all of which are crucial for employee engagement. This study adopts the framework of Avolio and Bass's (2004) Multifactor Leadership Questionnaire (MLQ) to assess the effects of three primary leadership styles: transformational, transactional, and laissez-faire.

2.1.1 Transformational Leadership Style

Transformational leadership is one of the most widely studied and applied leadership theories across various disciplines. It is characterized by leaders who inspire and motivate followers by appealing to their values, ideals, and moral principles (Bass & Avolio, 1997). Unlike transactional leadership, which focuses on rewards and task completion, transformational leadership emphasizes team building, motivation, and collaboration to achieve positive and lasting organizational change.

Transformational leaders take a proactive approach, aiming to develop individuals and foster innovation within teams and organizations. They set challenging goals, create opportunities for personal and professional growth, and engage followers by addressing their higher-level needs, such as self-actualization (Bryman, 1992). This leadership style has been shown to improve job satisfaction, enhance performance, and increase organizational commitment.

According to Bass and Avolio (1994), transformational leadership consists of four core components:

Idealized Influence – Leaders serve as role models, gaining the trust and respect of their followers.

Inspirational Motivation – Leaders communicate a compelling vision that inspires and motivates employees.

Intellectual Stimulation – Leaders encourage creativity and critical thinking by challenging existing assumptions and involving employees in problem-solving.

Individualized Consideration – Leaders provide personalized support and coaching, addressing the unique needs and potential of each team member.

2.1.2 Transactional Leadership Style

Transactional leadership, also known as managerial leadership, emphasizes supervision, organization, and task completion through a structured system of rewards and punishments (Avolio, 2007). It is based on an exchange relationship, where leaders identify followers' needs and motivate them by offering rewards for meeting performance expectations or applying corrective measures when standards are not met (Bass, 1997; Kuhnert & Lewis, 1987). This leadership style focuses on maintaining stability and efficiency within the organization rather than promoting innovation. Leaders provide clear instructions and monitor performance closely to ensure that tasks are completed according to established procedures (Salah, 2016). It is particularly

effective in structured environments where tasks are routine, and consistency is essential.

Transactional leadership consists primarily of two forms of rewards and one form of corrective action:

Contingent Reward – Leaders recognize and reward employees based on their achievement of agreed-upon goals. This type of reinforcement motivates employees to meet or exceed expectations (Deci, 1972; Salah, 2016).

Management-by-Exception (Active) – Leaders closely monitor performance, identify deviations from standards, and intervene promptly to correct them. While this ensures adherence to procedures, it may limit creativity and employee autonomy (Avolio & Bass, 2004).

Management-by-Exception (Passive) – Leaders wait for problems to arise before taking corrective action. This reactive approach can lead to disengagement, as it emphasizes fault-finding rather than proactive guidance (Bass, 1998; Yahaya & Ebrahim, 2016).

While transactional leadership can lead to short-term performance gains, it may discourage innovation and reduce employee engagement in dynamic or flexible work environments (Johnson & Hackman, 2018). Critics argue that it focuses more on administrative control than strategic vision, often limiting organizational adaptability (Hargis et al., 2001). Nonetheless, transactional leadership can be effective when used appropriately, especially in combination with transformational leadership. It provides a stable foundation for managing day-to-day operations, upon which transformational leaders can build to drive long-term change (James & Ogbonna, 2013). In this sense, transactional leadership supports performance and accountability while transformational leadership fosters growth and innovation.

2.1.3 Laissez-faire Leadership Style

Laissez-faire leadership is characterized by minimal leader involvement, with leaders allowing employees to make decisions, set goals, and manage their work independently (Chaudhry & Javed, 2012). This hands-off approach provides employees with autonomy and flexibility, encouraging self-direction, innovation, and creativity, especially when facing complex or challenging tasks (Lewin, 2025).

Leaders who adopt this style often refrain from interfering in employee decisions, even in situations where guidance may be necessary (Ahsan & Khalid, 2023).

While this approach can foster personal growth and quicker decision-making, it may also lead to role ambiguity and reduced productivity, particularly when employees lack discipline or clarity (Bass & Bass, 2008; Anbazhagan & Kotur, 2014). Critics argue that laissez-faire leaders frequently avoid decision-making, hesitate to act, and fail to engage proactively in leadership situations (Piccolo et al., 2012). This inaction can result in unmet goals and low team performance, making it one of the least effective leadership styles in environments that demand consistent direction and motivation (Fernandez-Duque & Johnson, 2002; Lewin, 1939).

The success of laissez-faire leadership largely depends on the capabilities and self-motivation of team members. Skilled and disciplined employees may thrive under such autonomy, while others may struggle without clear guidance, leading to confusion and decreased organizational outcomes (Grugulis & Stoyanova, 2011; Antonakis, 2003; Khan, 2011). According to Hersey and Blanchard (2000), effective leadership involves adapting one's style based on the maturity and competence of followers. In this context, laissez-faire leadership may work well in highly competent teams, but it is generally unsuitable for high-performance environments that require structured support, continuous feedback, and inspirational leadership.

2.2 Employee Engagement

Kahn (1990) stated that engagement is fundamental to employee engagement theory, highlighting the role of awards, incentives, and other benefits. Key factors such as psychological relevance, wellbeing, and accessibility influence employee performance and engagement. Feedback from leaders assists employees in identifying areas for improvement, thus enhancing their contributions and sense of purpose. According to Kahn, engagement involves employees fully immersing themselves in their work and team roles, marked by physical, cognitive, and emotional presence. According to the author, Kahn's theory suggests that employees demonstrate their work performance across these three dimensions. When employees feel happy, committed, and find their tasks valuable, they experience meaningful work. Leaders can promote engagement by providing meaningful tasks, competitive pay, and other benefits, helping employees feel appreciated. Kahn (1990) outlined four themes to foster engagement: building leader-employee relationships, ensuring effective communication and feedback, offering compensation and incentives, and supporting professional growth.

Employee engagement encompasses perceptive, emotional, and physical characteristics (Macey & Schneider, 2008). Cognitively, it includes employees' beliefs about their organization and leaders; emotionally, it involves their feelings towards the organization; physically, it encompasses the energy they invest in their roles (Kaplan, 2014). Engagement is characterized by initiative, adaptability, persistence, and a positive mindset. The job demands-resources (JD-R) model explains how working conditions affect stress and well-being, with job demands requiring continuous effort and job resources facilitating the achievement of goals and promoting personal growth (Schaufeli, 2017).

Employee engagement is the emotive and intellectual commitment to the job, organization, and employer, shown through positive communication, loyalty, and going above and beyond for success. Improving engagement needs a mutually beneficial relationship between employees and employers, driving business growth. Schaufeli (2006) described work engagement as a positive, satisfying state with enthusiasm, dedication, and absorption.

Ferguson (2007) noted the varied definitions of employee engagement, complicating measurement. Shuck and Wollard (2010) highlighted the impact of this on outcomes as researchers. Engaged employees perform better, boosting productivity, satisfaction, retention, motivation, and loyalty. Engagement involves active participation, understanding the work environment, and positive attitudes towards the employer, categorized by vigor, dedication, and absorption.

2.2.1. Vigor

Schaufeli (2017) describes vigor as having high energy, mental resilience during work, readiness to put in effort, and perseverance in tough situations. This part of employee engagement boosts overall engagement by raising energy levels, mental toughness, and persistence. When vigor is high, overcome hurdles, and perform better. In employee engagement, vigor involves physical strength, emotional energy, and cognitive activity at work. It is marked by high energy, mental resilience, a willingness to work hard, and the capacity to persevere through difficulties. A high level of vigor results in a more engaged and motivated workforce (Shirom, 2007).

2.2.2. Dedication

Dedication is one of three dimensions of work engagement, considered the

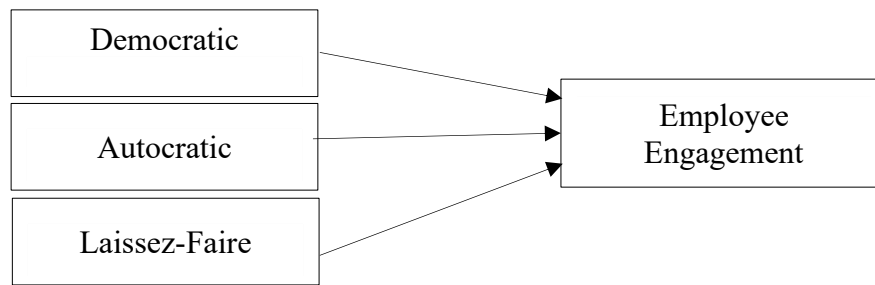
positive antithesis to burnout. Dimensions of work engagement have proven to be negatively associated with dimensions of burnout (Halbesleben, 2010). Work engagement might be understood as an interesting outcome, but also for its possible consequences. Previous research indicates that work engagement is positively related to commitment (Hakanen et al., 2006; Halbesleben, 2010), task performance and job performance (Demerouti & Cropanzano, 2010), and active learning (Bakker et al., 2012), as well as dedication (Schaufeli, 2017). In contrast, it is negatively related to turnover intentions (Halbesleben, 2010). Perceived working conditions have been reported to have profound impacts on workers' dedication (Bakker & Demerouti, 2007). One of the most frequently utilized models in this strand of research is the Job Demand–Control–Support (JDCS) model (Karasek, 1979; 1989), which attempts to explain the occurrence of mental strain and well-being in workplace contexts (Johnson et al., 1989).

2.2.3 Absorption

Absorption requires intense focus and prompt action. Engaged employees foster a lively and effective connection with their tasks, feeling assured in handling their role challenges (Schaufeli, 2017). Kahn's (1990) engagement theory emphasizes the psychological conditions essential for personal involvement at work. These include psychological meaningfulness, safety, and availability, which are vital for employees to be deeply engaged. As a fundamental part of engagement, absorption involves being completely immersed and happy in work, with time passing quickly and making it hard to detach (Kahn, 1990).

2.3 Empirical Studies of Leadership Style and Employee Engagement

The impact of leadership styles on employee engagement within civil society organizations in Mandalay, as investigated by Lwin (2019), is illustrated in Figure 2.1, according to the conceptual framework developed from this study.

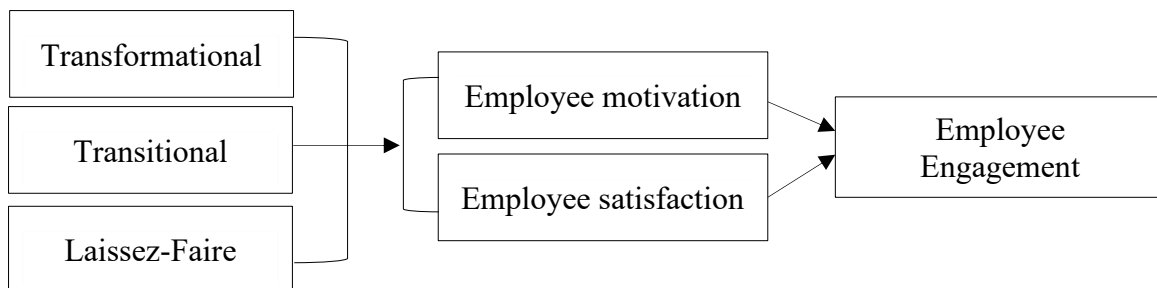


Source: Lwin (2019)

Figure 2.1 Effect of Leadership Style on Employee Engagement

The thesis found that while democratic and autocratic leadership styles increase energy, laissez-faire leadership increases staff involvement and absorption. Democratic leadership encourages commitment as well. These results suggest that, depending on findings of unique requirements, civil society organizations (CSOs) should adopt appropriate leadership philosophies.

Singh and See (2022) examined the impact of leadership styles on employee engagement in Malaysia. Their study's framework is depicted in Figure 2.2.

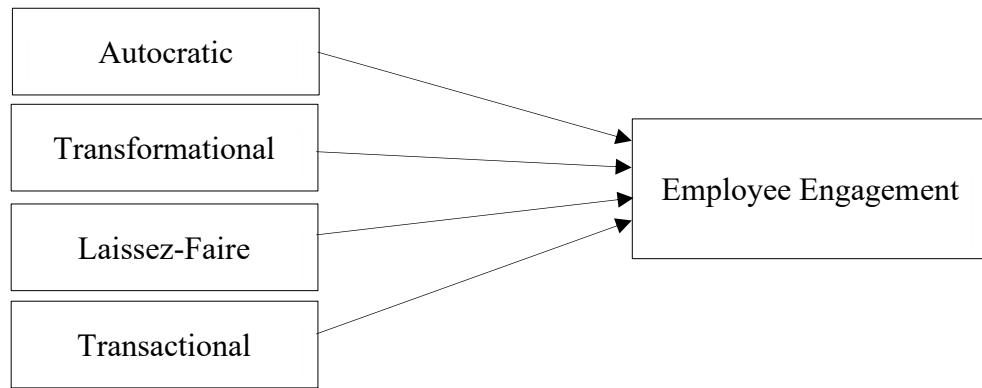


Source: Singh and See (2022)

Figure 2.2 The Influence of Leadership Style on Employee Engagement

The study shows transformational and transactional leadership influence employee satisfaction more than motivation, affecting engagement. Employees with transformational leaders have higher satisfaction and commitment, while teamwork is less emphasized with transactional styles. In project industries, laissez-faire leadership promotes empowerment and engagement. The relationship between engagement and leadership style is moderated by sub-unit culture rather than corporate culture.

Htut (2018) examined the impact of various leadership theories on the performance of the Myanmar Red Cross Society (MRCS) staff. Figure 2.3 shows the conceptual framework developed by Htut (2018).

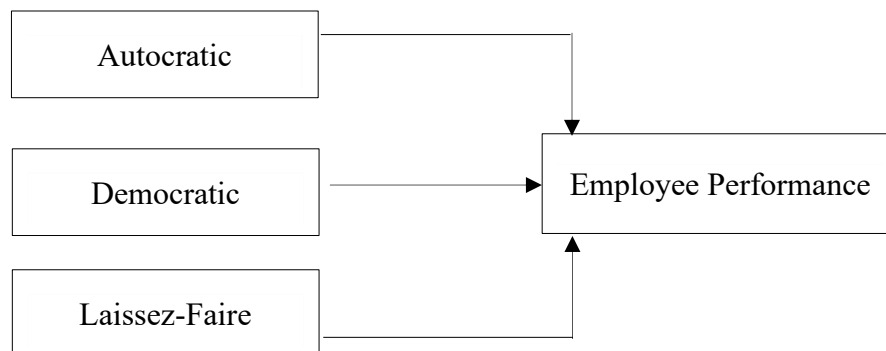


Source: Htut (2018)

Figure 2.3 The Impact of Effective Leadership Styles on Employee Performance in NGOs

The study found that the Myanmar Red Cross Society (MRCS) employs all four leadership styles, with transformational leadership being the most prevalent and authoritative leadership the least common. Employee performance was assessed and deemed satisfactory. The comparison of these findings with the leadership styles indicates a positive impact on employee engagement.

In a non-profit organization in Cambodia, Hoy, Phayaphrom, and Nair (2022) investigated the effects of several leadership philosophies on worker performance. Figure 2.4 provides an illustration of their conceptual framework.



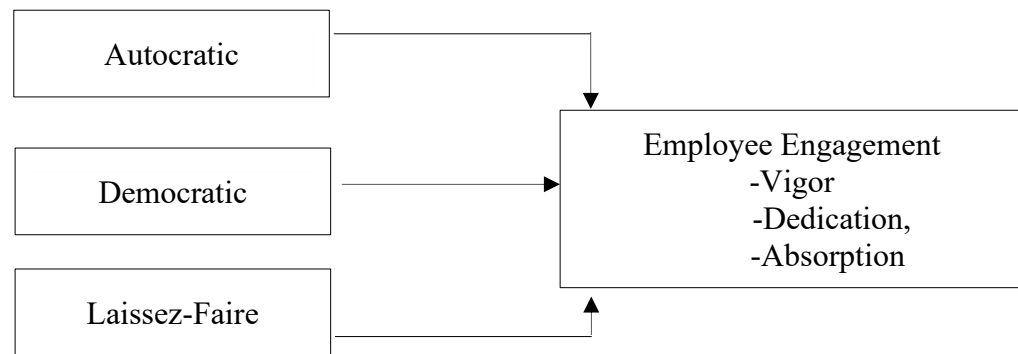
Source: Hoy, Phayaphrom and Nair (2022)

Figure 2.4 The Impact of Leadership Styles on Employee Performance of a Non-Profit Organization (NGO)

As presented in Figure 2.4, the study found that correlation analysis shows democratic, laissez-faire, and autocratic leadership styles all significantly relate to employee performance. The result found that democratic leadership strongly enhances productivity, quality, and overall performance. Laissez-faire behaviors also positively relate to performance. Leaders should prioritize democratic leadership. Conversely,

authoritative style negatively affects performance, so it should be avoided.

Yao et al. (2017) developed a conceptual framework that links Kurt Lewin's three leadership styles to employee engagement, as illustrated in Figure 2.5. The framework is outlined below.



Source: Yao et al. (2017)

Figure 2.5 Relationship between Leadership and Employee Engagement

Shuck and Herd (2012) highlight the importance of leaders creating engaging work environments that foster self-awareness and emotional intelligence, effectively addressing employees' core needs. Leaders who neglect their own growth may struggle to manage employee performance and engagement effectively.

Previous research provides valuable insights into employee engagement. Soane (2013) found that transformational leadership significantly enhances organizational commitment and employee engagement, particularly through intellectual stimulation and personalized consideration. Employee engagement is closely tied to the quality of supervisor-employee relationships and psychological safety.

Chirchir (2016) investigated in what way perceived leadership styles affect organizational commitment in a Kenyan microfinance institution. The study found a strong positive correlation between transformational leadership and commitment, accounting for 43% of the variance. In contrast, transactional leadership did not have a significant impact.

Kariuki and Wachira (2017) explored the influence of leadership styles on microfinance societies in Nairobi, Kenya. They discovered that democratic leadership was the most common, followed by transformational leadership. Autocratic leadership had a modest positive effect. The researchers recommended fostering transformational leadership to boost employee satisfaction and productivity.

Malik, Ali, and Arshad (2017) explored the impact of inclusive leadership styles on employee engagement in INGOs in Pakistan. The study found a strong positive

relationship that also improved organizational performance. Basit, Sebastian, and Hassan (2017) investigated the effects of democratic, autocratic, and laissez-faire leadership styles on employee performance in a Malaysian private organization. The results concluded that democratic leadership significantly improved performance, while autocratic leadership had a negative impact. They suggested developing capable leaders in the public sector to remain competitive.

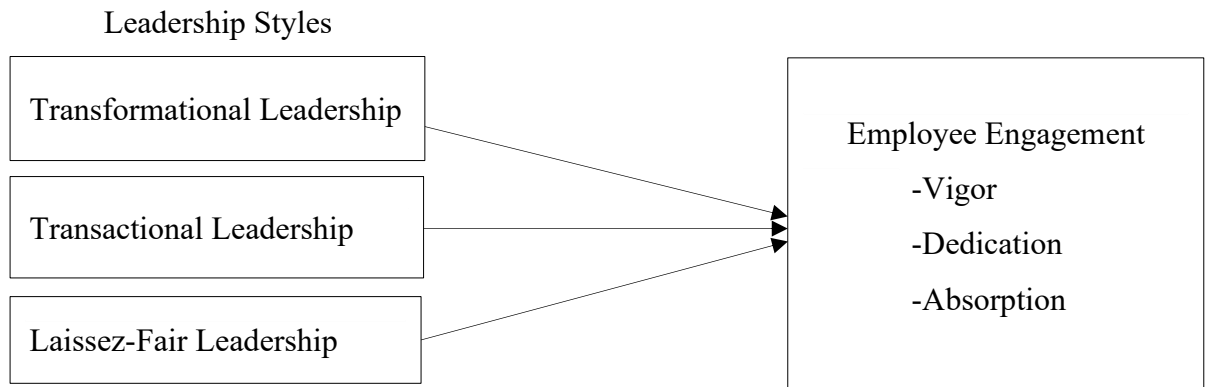
Thein (2019) studied the effects of leadership styles on dedication and work performance at Myanmar Oriental Bank. The author revealed that transformational leadership positively influenced both, with employee dedication mediating the relationship.

Saif (2020) investigated leadership during economic downturns in Yemeni INGOs, noting a link between leadership and engagement, with the downturn having a strong negative moderating effect. Larik and Lashari (2022) analyzed the impact of leadership on employee performance and found that democratic leadership had a significantly more positive effect compared to autocratic leadership. Furthermore, Abdul and Lashari (2023) concluded that democratic leadership enhances employee satisfaction and long-term performance, with participative leadership also contributing positively.

2.4 Conceptual Framework of the Study

The literature review underscores the pivotal role of leadership styles and employee engagement in organizations. To enhance employee engagement, it is crucial for employers to identify the leadership styles that most effectively foster it. The significance of leadership style is immense, given its complexity and the various definitions scholars have proposed. Leadership is viewed both as a transaction between leaders and their subordinates or employees and as a process of influencing individuals to achieve specific objectives or goals. Employee engagement is the deep emotional and professional connection that employees feel towards their organization, their colleagues, and their work. High levels of engagement result in vigor, dedication, and absorption, reflecting a positive outlook and enriching the overall employee experience.

The conceptual framework is depicted in Figure 2.6.



Source: Own Compilation (2024) Adapted from Previous Studies

Figure 2.6 Conceptual Framework of the Study

Figure 2.6 illustrates the framework of this study, which is divided into two primary components: independent and dependent variables. The independent variables are the laissez-faire, transformational, and transactional leadership styles, while the dependent variable is employee engagement. This research investigates how these leadership styles and employee engagement influence the intentions of INGOs to develop microfinance in Northern Shan State. The study is grounded in several theoretical models, including the trait theory of leadership, behavioral theory, Lewin's leadership theory, the job-demand resources model, and Kahn's engagement theory.

CHAPTER III

RESEARCH METHODOLOGY

This chapter covers the research design, sampling design, and questionnaire development. It also details the data analysis methods used in the study, such as reliability testing, correlation analysis, and multiple regression analysis.

3.1 Research Design

The research design, the overall strategy chosen to integrate the study's components coherently and logically, is a key element in this study. This study effectively addresses the research problem by examining the leadership styles on employee engagement, employing a quantitative research design. This approach is appropriate for identifying relationships between variables and for drawing conclusions based on statistical analysis (Creswell, 2014). In the methodology section, data collection techniques are categorized into quantitative, qualitative, or mixed methods. The method is chosen based on the research goals, the type of data needed, and the underlying philosophical approach. Researchers must evaluate their options to select the most suitable method, considering various resources, ethical considerations, and the nature of the phenomenon being studied. Once the method is chosen, the strategy is detailed in the methodology, outlining the steps for transparency and replication. Researchers must justify and explain their methods, as this is crucial for communicating how the research design is a critical component of the study. It outlines the overall strategy for integrating the various components coherently and logically. This study effectively addresses the research problem by examining the effect of variables, utilizing a quantitative research design. This approach is suitable for identifying relationships between variables and drawing conclusions based on statistical analysis (Creswell, 2014).

3.1.1 Research Framework

A research framework is a conceptual or methodological structure that guides the entire research process, offering a systematic way to explore questions, gather data, analyze results, and interpret findings. It ensures that the research remains coherent, logical, and aligned with its objectives. This framework can be either theoretical,

drawing on existing theories to explain phenomena, or conceptual, outlining relationships among key variables or constructs. For this study, the framework consists of three interconnected phases: (1) developing a theoretical model, (2) collecting data, and (3) analyzing data with quantitative methods (Sedlmayr, 2018). The research explores the effect of leadership styles on employee engagement within INGOs, particularly their eagerness to establish microfinance programs in Northern Shan. The process begins with creating a conceptual framework based on leadership theory, followed by data collection and statistical analysis to assess how leadership styles impact employee engagement in INGOs' planning of microfinance initiatives in Northern Shan. Detailed information about the framework is presented in Table 3.1.

Table 3.1 Research Framework of Study

Step 1: Literature Review and Conceptualization of Leadership Styles
<ul style="list-style-type: none"> -Perform an extensive literature review on leadership theories. -Identify and describe the independent variables: laissez-faire, transformational, and transactional leadership styles. -Define the dependent variable: employee engagement. -Develop a conceptual framework that illustrates the hypothesized relationships between leadership styles and employee engagement.
Step 2: Instrument Development and Data Collection
<ul style="list-style-type: none"> -Develop a structured questionnaire adapted from validated leadership and engagement scales. -Conduct a pilot test to ensure validity and reliability. -Distribute the questionnaire to employees in selected INGOs operating in Northern Shan.
Step 3: Data Analysis and Interpretation
<ul style="list-style-type: none"> -Custom SPSS to evaluate the collected statistics. -Apply descriptive and inferential statistics, such as multiple linear regression, are used to assess how each leadership style impacts employee engagement. -Interpret the results and discuss their implications for leadership and microfinance implementation within INGOs.

Source: Own Compilation (2024)

3.1.2 Data Collection

This thesis intends to explore the impact of leadership styles on employee engagement within INGOs in Northern Shan, focusing on the intention to set up microfinance programs. In this study, the primary and secondary data were utilized. Cluster sampling is employed to select seven organizations from a total of thirty-three in Northern Shan State. This thesis is purposely to examine the effect of leadership styles on employee engagement within international non-governmental organizations (INGOs) in Northern Shan, with a particular focus on the establishment of microfinance programs. The study utilizes both primary and secondary data. Cluster sampling was employed to choose seven organizations from a pool of thirty-three in Northern Shan State. Primary data is collected from all permanent staff members of these seven selected INGOs.

3.2 Sampling Design

According to OCHA data, thirty-three international non-governmental organizations (INGOs) operate in Northern Shan. This study selected seven organizations using a cluster sampling method, randomly choosing them from the total population of thirty-three. The selected INGOs are the International Rescue Committee (IRC), Relief International (RI), Norwegian Refugee Council (NRC), Oxfam Myanmar, Welthungerhilfe (WHH), Danish Refugee Council (DRC), and Archinova. These organizations collectively have 107 permanent staff members, distributed as follows: 37 from IRC, 12 from RI, 17 from NRC, 10 from WHH, 6 from Archinova, 10 from Oxfam, and 15 from DRC. These organizations show high potential for establishing future microfinance programs and effectively investing their funding portfolios. This study does not aim to cover all INGOs in Myanmar, other industries, or the public sector.

Additionally, the study included all randomly selected staff from the seven organizations, excluding health professionals such as medical doctors, nurses, and certified health-related personnel (e.g., health assistants, nurse aides, and pharmacists) who are not involved in microfinance activities due to their professional focus.

3.3 Questionnaire Design

The questionnaire is distributed into three sectors: A, B, and C. Section A gathers demographic information, including gender, age, education level, marital status,

job position, and work experience. Section B examines leadership styles within INGOs, split into three parts that cover transactional, transformational, and laissez-faire styles, comprising a total of 32 questions. Section C evaluates employee engagement, divided into three parts that focus on vigor, absorption, and dedication, comprising 17 questions. All variables were measured by using a self-administered questionnaire, using a seven-point Likert scale from 1 (Strongly Disagree) to 7 (Strongly Agree) (Park, 2022). The questionnaire items were adapted from previous empirical studies (Sedlmayr, 2018), as outlined in Table 3.2.

Table 3.2 Variables in the Questionnaire

Variables	No. of Items	Researchers
Transactional	14	Bass and Avolio (2000)
Transformational	11	Bass and Avolio (2000)
Laissez-faire	7	Bass and Avolio (2000)
Vigor	6	Schaufeli, Bakker, and Salanova (2006)
Absorption	6	Schaufeli, Bakker, and Salanova (2006)
Dedication	5	Schaufeli, Bakker, and Salanova (2006)

Source: Previous Study

Structured questionnaires are employed to collect primary data in this study. The questionnaire (see Appendix) contains detailed questions designed to measure each variable, which are adapted from established literature. The investigation of leadership styles encompasses transactional, transformational, and laissez-faire styles, as outlined by Bass and Avolio (2000). For assessing employee engagement, the variables of vigor, absorption, and dedication are derived from the framework established by Schaufeli (2006).

3.4 Data Analysis

This qualitative research investigates the impact of leadership styles on employee engagement within INGOs in Northern Shan. The web questionnaire was created using Google Forms and distributed to the target population to assess the effect of leadership styles on employee engagement (Pandey et al, 2023) and the intention to establish microfinance within these INGOs. A total of 107 operational-level and non-managerial employees from seven INGOs in Northern Shan completed the Google survey questionnaire. The SPSS software was utilized to analyze both independent and

dependent variables descriptively. The analysis of reliability, correlation, and multiple regression was conducted to determine significant levels. Prior to the primary analysis, the collected data were screened for completeness and consistency. Descriptive statistics, including frequency distributions, means, and standard deviations, were calculated (Ha et al, 2021) to summarize the demographic characteristics of the respondents and provide an overview of their responses (Mohd Nor, 2024). Descriptive statistics were employed to evaluate the central tendencies and variability of employee perceptions across all key variables. It included calculating means and standard deviations (Rajik, 2024) for all items measured using the 7-point Likert scale. According to Best (1997), in the theory of attitude measurement and scaling, the mean values of seven-point Likert scale items were interpreted as follows:

- 1.00 to 1.80 = strongly disagree
- 1.81 to 2.60 = disagree
- 2.61 to 3.40 = somewhat disagree
- 3.41 to 4.21 = neutral
- 4.21 to 5.00 = somewhat agree
- 5.01 to 5.80 = agree
- 5.81 to 7.00 = strongly agree

3.4.1 Reliability Analysis

Reliability is assessed by measuring the internal consistency of a scale, which indicates how well the items within the scale correlate and converge on a familiar construct. It is evaluated by correlating scores on subsets of scale items (Zikmund, 2010). High reliability signifies that the measures are free from random error and yield consistent results. In this study, Cronbach's Alpha is utilized to evaluate reliability. According to Sekaran & Bougie (2010), Cronbach's Alpha is a coefficient that reflects the positive correlation among items in a set. It is derived from the average inter-item correlations and ranges from 0 (no consistency) to 1 (perfect consistency). Generally, a coefficient between 0.80 and 0.90 indicates excellent reliability, 0.70 to 0.80 signifies good reliability, and 0.60 to 0.70 is considered acceptable reliability. A value between 0.50 and 0.60 indicates poor reliability, and below 0.50 is deemed unacceptable (Manerikar & Manerikar, 2012). These values confirm that the survey items reliably measure the intended constructs, thereby supporting the robustness of the study's

findings. The reliability analysis of the variables involved is presented in Table 3.3.

Table 3.3 Reliability Analysis of Variables

Sr. No.	Variables	No. of Statements	Cronbach's Alpha
1	Transformational Leadership	14	0.964
2	Transactional Leadership	11	0.920
3	Laissez-faire Leadership	7	0.885
4	Vigor	6	0.875
5	Absorption	6	0.852
6	Dedication	5	0.992

Source: Survey Data (March, 2025)

According to Table 3.3, the Cronbach's Alpha for the 14 items used to measure transformational leadership is 0.964. Eleven items are used to assess transactional leadership, and the Cronbach's Alpha is 0.920. The Cronbach's Alpha for laissez-faire leadership, which is evaluated using seven items, is 0.885. Six items are used to quantify vigor, and the Cronbach's Alpha value is 0.875. Six elements are also used to assess absorption, and the Cronbach's Alpha is 0.852. Five items are used to measure dedication, resulting a high Cronbach's Alpha of 0.992. For this study, all variables have Cronbach's Alpha values above 0.8, demonstrating reliability and significant internal consistency.

3.4.2 Correlation Analysis

The relationships between the independent variables and the dependent variable (McAdams, 2017) were analyzed to evaluate the connections among Transformational Leadership, Transactional Leadership, Laissez-faire Leadership, and employee engagement. A two-tailed Pearson correlation analysis was conducted (Ahholon et al., 2011) to investigate the relationships between job characteristics, job satisfaction, and job performance. The correlation coefficient ranges from -1.0 to +1.0, with negative values indicating that as one variable increases, the other decreases in value (Babaioff et al, 2012). A Pearson correlation coefficient between 0.1 and 0.4 indicates a weak correlation, between 0.5 and 0.7 signifies a moderate correlation, and between 0.8 and 0.9 represents a strong correlation. Additionally, the P-value in Pearson correlation analysis shows the significance level of the relationships between the variables. The results of these correlations are presented in Tables 4.15, 4.16, and 4.17.

3.4.3 Multiple Regression Analysis

According to researchers, multiple linear regression is a statistical technique that utilizes multiple independent variables (predictors) to predict a dependent variable (outcome) (Bansal & Singh, 2023). Unlike simple linear regression, which uses only one predictor, this method explores the relationship between the outcome and multiple predictors. It offers more precise predictions and a deeper insight into how each predictor affects the outcome. The general form of the multiple linear regression model (Qiu et al., 2024) is

$$Y_i = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \beta_3 X_{i3} + \dots + \beta_k X_{ik} + \varepsilon_i$$

Where:

$$i = 1, 2, 3, \dots, n$$

$$j = 1, 2, 3, \dots, k$$

$$Y_i = i^{\text{th}} \text{ observation of the dependent variable}$$

$$X_{ij} = i^{\text{th}} \text{ observation of the } j^{\text{th}} \text{ independent variable}$$

$$\beta_0 = \text{Constant}$$

$$\beta_j = \text{Regression coefficient}$$

$$\varepsilon_i = i^{\text{th}} \text{ independent identically distributed normal error}$$

In this study, to ensure the appropriateness of multiple linear regression analysis, the standard assumptions underpinning the method were systematically checked. Key assumptions, including linearity, homoscedasticity, normality, multicollinearity, and the presence of outliers, were evaluated to confirm the validity of the regression model.

Linearity: Multiple linear regression assumes a linear relationship between the independent variables and the dependent variable. This assumption was assessed through scatter plots to determine whether the data points followed a linear pattern. Additionally, the presence of outliers, which can disproportionately influence regression estimates, was examined using Cook's Distance. Zhu & Cho (2012) stated that Cook's Distance values below 1 indicate that no single observation has an undue impact on the model.

Homoscedasticity: This assumption refers to the requirement that the residuals exhibit constant variance across all levels of the independent variables. A scatter plot of

residuals against predicted values was used to assess this condition. A random and uniform distribution of residuals indicates that the assumption of homoscedasticity is met (Schützenmeister & Piepho, 2012).

Normality: According to Oppong & Agbedra (2016), the assumption of multivariate normality means that the residuals of the regression model are normally distributed. It was checked using histograms with fitted standard curves and P-P plots. When the data closely aligns with the normal distribution, it indicates that the normality assumption is satisfied.

Multicollinearity: According to the author, the model assumes that independent variables are not highly correlated with one another. High multicollinearity can distort regression coefficients and lead to unreliable estimates (Farrar & Glauber, 1967). This assumption was evaluated using Variance Inflation Factors (VIFs), where VIF values greater than 10 are typically considered indicative of multicollinearity. Additionally, it is assumed that the standard errors of the residuals are uncorrelated, meaning the error terms are independent across observations (Tay, 2017).

CHAPTER IV

ANALYSIS OF LEADERSHIP STYLES ON EMPLOYEE ENGAGEMENT OF INGOs IN NORTHERN SHAN STATE

This chapter examines the relationship between leadership styles and employee engagement, including the average level of engagement and its connection to various leadership approaches. To investigate the impact of leadership styles on employee engagement, Linear Regression analysis was employed. Furthermore, the association between employee engagement and leadership styles is also evaluated using Multiple Linear Regression analysis.

4.1 Demographic Characteristics of Respondents

In this paper, a total of 107 operational and non-managerial level employees in INGOs of Northern Shan completed the questionnaire. The profile of respondents includes nine characteristics such as gender, marital status, age, education level, current organization name, experience in the current organization, position level, salary, and experience in this position. The following tables, numbered from 4.1 to 4.8, present data on respondents' demographic characteristics.

4.1.1 Gender of Respondents

Table 4.1 presents the demographic information on gender segregation, derived from the respondents' demographic data.

Table 4.1 Gender of Respondents

Sr. No.	Gender	No. of Respondents	Percentage
1	Male	62	57.9
2	Female	45	42.1
	Total	107	100

Source: Survey Data (March, 2025)

In this study, the majority of respondents are identified as male (57.9%), while the rest are identified as female (42.1%) of the total respondents. The results show that the percentage of male staff in INGOs is higher than that of female staff. Considering the nature of the job, INGO positions are regarded as equally suitable for both genders.

4.1.2 The Age of Respondents

Respondents' age groups are categorized into four: under 30, 31-40, 41-50, and above 50. The age distribution of respondents is shown in Table 4.2.

Table 4.2 Age Group of Respondents

Sr. No.	Age (Years)	No. of Respondents	Percentage
1	Under 30	38	35.5
2	31 to 40	51	47.7
3	41 to 50	15	14.0
4	Above 50	3	2.8
	Total	107	100

Source: Survey Data (March, 2025)

In Table 4.2, most respondents are between the ages of 31 and 40, making up 47.7% of the total sample. The second largest group comprises respondents under the age of 30. Additionally, 15 respondents, accounting for 14% of the total, are within the 41 to 50 age group. The age group with the least representation is those above 50 years, constituting only 2.8% of the respondents. According to the findings, this indicates that a significant portion of the workforce consists of middle-aged individuals who are likely to obtain officer roles in organizations.

4.1.3 Education Level of Respondents

Education levels of employees are studied by dividing them into four groups: undergraduate, bachelors, masters, and Ph.D. The number of education levels of respondents is shown in Table 4.3.

Table 4.3 Education Level of Respondents

Sr. No.	Education Level	No. of Respondents	Percentage
1	Undergraduate	11	10.3
2	Bachelor's degree	81	75.7
3	Master's degree	14	13.1
4	Ph.D	1	.9
	Total	107	100

Source: Survey Data (March, 2025)

As shown in Table 4.3, most respondents in this study have a bachelor's degree, with 81 individuals accounting for 75.7% of the total respondents. This is followed by

14 respondents with a master's degree, accounting for 13.1%. Additionally, 11 respondents hold an undergraduate education, comprising 10.3% of the total respondents. The number of respondents with a Ph.D. is minimal, with only one individual (0.9%) holding this qualification within INGOs.

4.1.4 The Marital Status of Respondents

The following Table 4.4 indicates the demographic information of the marital status of the respondents.

Table 4.4 Marital Status of Respondents

Sr. No.	Marital Status	No. of Respondents	Percentage
1	Single	51	47.7
2	Married	56	52.3
	Total	107	100

Source: Survey Data (March, 2025)

According to Table 4.4, 47.7% of the total respondents are single, and 52.3% are married. The results show that the number of singles is not greatly different from married. It can be concluded that the distribution of marital status among the respondents is relatively balanced, with a slight majority being married.

4.1.5 Employees' Position

The position is classified into seven groups: helper, assistant, manager, officer, senior officer, specialist and supervisor. The results are shown in Table 4. 5.

Table 4.5 Position of Respondents

Sr. No.	Position	No. of Respondents	Percentage
1	Manager	21	19.6
2	Supervisor	8	7.5
3	Senior Officer	19	17.8
4	Officer	38	35.5
5	Assistant	12	11.2
6	Helper	8	7.5
7	Specialist	1	0.9
	Total	107	100

Source: Survey Data (March, 2025)

As demonstrated in Table 4.5, the majority of respondents hold officer-level positions, accounting for 35.5% of the total sample. This is followed by 19.6% of respondents at the manager level, and 17.8% serving as senior officers. Additionally, 11.2% of the participants are in assistant-level roles. Both helpers and supervisors respectively signify 7.5% of the total respondents. The least represented position is that of a specialist, comprising only 0.9% of the overall respondents. This signifies that officers are highly represented in INGOs in Northern Shan compared to other positions. Officer roles can be appointed based on various requirements, whereas managers and senior officers are appointed as dedicated line managers for groups of officers. Job opportunities are higher for the officer position than other roles in INGOs in Northern Shan, making it more likely to find opportunities as officers.

4.1.6 Working Organization of Respondents

The working organization is classified into seven groups: IRC, DRC, Oxfam, Relief International, Archinova, NRC and Welthungerhilfe (WHH). The results are presented in the following Table 4.6.

Table 4.6 Working Organization of Respondents

Sr. No.	Working Industry/Field	No. of Respondents	Percentage
1	IRC	37	34.6
2	DRC	15	14.0
3	Oxfam	10	9.3
4	Relief International	12	11.2
5	Archinova	6	5.6
6	NRC	17	15.9
7	Welthungerhilfe (WHH)	10	9.3
	Total	107	100

Source: Survey Data (March, 2025)

In this study, the largest group of respondents works for the International Rescue Committee (IRC), accounting for 34.6% of the sample, indicating a significant portion of respondents are employed by IRC. The Norwegian Refugee Council (NRC) follows with 15.9%, suggesting a notable presence of NRC employees. This distribution highlights the significant representation of respondents from IRC and NRC, showing a diverse representation from various humanitarian and development organizations.

4.1.7 Working Experience in Current Organization of Respondents

Employees' total work experience is categorized into five groups: less than 2 years, between 2 and 5 years, between 5 and 8 years, between 8 and 10 years and more than 10 years. This is shown in the following Table 4.7.

Table 4.7 Working Experience in Current Organization of Respondents

Sr. No.	Working Experience (Years)	No. of Respondents	Percentage
1	Less than 2	11	10.3
2	Between 2 and 5	38	35.5
3	Between 5 and 8	31	29.0
4	Between 8 and 10	17	15.9
5	More than 10	10	9.3
	Total	107	100

Source: Survey Data (March, 2025)

The data shows that most respondents have between 2 and 5 years of experience (35.5%), followed by those with 5 to 8 years (29.0%). This indicates a relatively young workforce, with many employees in the early to mid-stages of their careers. The lower percentages of respondents with less than 2 years (10.3%) and more than 10 years (9.3%) of experience indicate moderate employee retention, but few stay beyond a decade. This could be due to career progression opportunities or other factors influencing tenure.

4.1.8 Working Experience in Current Position of Respondents

The work experience of employees in their current position is categorized into five groups: less than 2 years, between 2 and 5 years, between 5 and 8 years, between 8 and 10 years, and more than 10 years. This is shown in the following Table 4.8.

Table 4.8 Working Experience in Current Position of Respondents

Sr. No.	Working Experience (Years)	No. of Respondents	Percentage
1	Less than 2	21	19.6
2	Between 2 and 5	51	47.7
3	Between 5 and 8	23	21.5
4	Between 8 and 10	10	9.3
5	More than 10	2	1.9
	Total	107	100

Source: Survey Data (March, 2025)

The largest group of respondents has between 2 and 5 years of experience (47.7%). The second largest group has less than 2 years of experience (19.6%). The group with 5 to 8 years of experience includes 21.5% of respondents. This also due to career progression opportunities or other factors influencing tenure.

4.2 Employees' Perception of Leadership Styles by INGOs

This section discusses the three leadership styles that influence employee engagement by INGOs: transformational, transactional, and laissez-faire leadership styles.

4.2.1 Employees' Perception on Transformational Leadership

In this study, transformational leadership is measured by fourteen statements. Table 4.9 shows the mean and standard deviation of respondent agreement regarding transformational leadership.

Table 4.9 Employees' Perception on Transformational Leadership

Sr. No.	Items	Mean	Standard Deviation
1	Feeling my supervisor makes others feel confident and good to be around him/her.	5.45	1.238
2	Being proud to be associated with my supervisor.	5.52	1.262
3	Admiring my supervisor's leadership qualities.	5.50	1.247
4	Trusting my supervisor's decisions.	5.39	1.227
5	Noticing that my manager seeks differing perspectives when solving problems.	5.38	1.256
6	Finding meaning in my work with the help of my supervisor.	5.36	1.276
7	Feeling motivated by my supervisor's optimism about the future.	5.46	1.254
8	Being energized by the goals my supervisor sets for us.	5.28	1.172
9	Being enabled by my supervisor to think about old problems in new ways.	5.27	1.225

Table 4.9 Employees' Perception on Transformational Leadership (Cont.,)

Sr. No.	Items	Mean	Standard Deviation
10	Being provided with new ways of looking at puzzling things by my supervisor.	5.35	1.166
11	Being motivated by my supervisor to explore new solutions to challenging problems.	5.22	1.254
12	Being helped by my supervisor to develop myself.	5.37	1.270
13	Being informed by my supervisor about how he/she thinks we are doing.	5.22	1.184
14	Receiving personal attention from my supervisor when I seem rejected.	5.00	1.274
	Overall Mean	5.34	

Source: Survey Data (March, 2025)

As shown in Table 4.9, the highest mean value is 5.52 for the statement, "Being proud to be associated with my supervisor," followed by a mean of 5.50 for "Admiring my supervisor's leadership qualities." The lowest mean value is 5.00, corresponding to the statement, "Receiving personal attention from my supervisor when I seem rejected." The overall mean value is 5.34, indicating that respondents generally hold a favorable perception of transformational leadership practices. Therefore, it was determined that supervisors play an important role in motivating and supporting their subordinates through transformational leadership behaviors within INGOs operating in Northern Shan.

4.2.2 Employees' Perception on Transactional Leadership

In this study, transactional leadership is measured by eleven statements. Table 4.10 mentions the mean and standard deviation of respondent agreement regarding transactional leadership.

Table 4.10 Employees' Perception on Transactional Leadership

Sr. No.	Items	Mean	Standard Deviation
1	Noticing that my supervisor provides me with assistance in exchange for my efforts.	5.35	1.074
2	Receiving recognition and rewards from my supervisor when I reach my goals.	5.44	1.304
3	Being made aware by my supervisor of what I can get for what I accomplish.	5.28	1.235
4	Understanding that my supervisor clearly outlines who is responsible for achieving performance targets.	5.41	1.243
5	Knowing my supervisor communicates that the benefits offered by the organization are based on the employees' performance.	5.21	1.289
6	Knowing my supervisor is always satisfied when I meet agreed-upon standards.	5.30	1.134
7	Noticing that as long as things are working, my supervisor does not try to change anything.	4.79	1.516
8	Being informed by my supervisor about the standards I have to know to carry out my work.	5.24	1.164
9	Feeling that the supervisor will pay attention to those employees whose performance does not meet standards.	5.11	1.231
10	Observing my supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards.	5.00	1.511
11	Seeing my supervisor actively participates in preventing mistakes from happening again.	5.37	1.202
	Overall Mean	5.23	

Source: Survey Data (March, 2025)

As shown in Table 4.10, the highest mean value is 5.44 for the statement, "Receiving recognition and rewards from my supervisor when I reach my goals," followed by a mean of 5.41 for "Understanding that my supervisor clearly outlines who is responsible for achieving performance targets." The lowest mean value is 4.79, corresponding to the statement, "Noticing that as long as things are working, my

supervisor does not try to change anything." The overall mean value is 5.23, indicating that respondents generally hold a favorable perception of transactional leadership practices. Therefore, it can be concluded that employees perceive their supervisors as effectively utilizing transactional leadership behaviors. These behaviors include providing acknowledgement and rewards when employees achieve objectives and expressing satisfaction when employees meet agreed-upon standards. It concluded that supervisors play a significant role in motivating and supporting their subordinates through these transactional leadership practices within INGOs in Northern Shan State.

4.2.3 Employees' Perception on Laissez-faire Leadership

In this study, laissez-faire leadership is measured by seven statements. Table 4.11 mentions mean and standard deviation of respondent agreement regarding laissez-faire leadership.

Table 4.11 Employees' Perception on Laissez-faire Leadership

Sr. No.	Items	Mean	Standard Deviation
1	Believing that in complex situations, my supervisor should allow me to work through problems on my own.	4.63	1.557
2	Allowing me to work independently without unnecessary interference.	4.83	1.668
3	Thinking that, as a rule, my supervisor should allow me to appraise my own work.	4.91	1.527
4	Giving me complete freedom to solve problems in my own way.	5.19	1.455
5	Noticing my supervisor avoids getting involved when critical issues arise.	3.65	1.924
6	Preferring little input from my supervisor in most situations.	4.56	1.649
7	Feeling that, in general, my supervisor believes it's best to leave subordinates alone.	4.23	1.582
	Overall Mean	4.57	

Source: Survey Data (March, 2025)

As shown in Table 4.11, the highest mean value is 5.19 for the statement, "Giving me complete freedom to solve problems in my own way," followed by a mean of 4.91 for "Thinking that, as a rule, my supervisor should allow me to appraise my own work." The lowest mean value is 3.65, corresponding to the statement, "Noticing my supervisor avoids getting involved when critical issues arise." It can be concluded that employees perceive their supervisors as providing them with complete freedom to handle problems independently and allowing to work independently without unnecessary interference in work is believed that in the best approach. Overall mean value is 4.57, indicating that laissez-faire leadership practices are widely used and generally viewed somewhat agree by respondents, who value independence and freedom in their work.

4.3 Employee' Perception on Engagement

The mean and standard deviation of vigor, dedication, and absorption were used to determine which dimension significantly impacts employee engagement. Tables 4.12, 4.13, and 4.14 analyze the level of employee engagement within INGOs operating in Northern Shan, presenting the results. The employees' perceptions of engagement are organized according to their experiences of specific feelings.

4.3.1 Employees' Perception on Vigor

In this thesis, the initial identification of employee engagement focuses on vigor, which is a crucial element for overall engagement. Employees who exhibit high levels of vigor possess substantial energy and feel capable of sustaining their work for extended durations. The average vigor scores are presented in Table 4.12.

Table 4.12 Employees' Perception on Vigor

Sr. No.	Items	Mean	Standard Deviation
1	Feeling strong and vigorous at my job.	5.61	1.105
2	Feeling like going to work when I get up in the morning.	5.25	1.325
3	Continuing to work for very long periods at a time.	4.95	1.507
4	Being very mentally resilient at my job.	5.47	1.216

Table 4.12 Employees' Perception on Vigor

Sr. No.	Items	Mean	Standard Deviation
5	Feeling bursting with energy at my work.	5.21	1.155
6	Persevering at my work, even when things do not go well.	5.50	1.123
	Overall Mean	5.33	

Source: Survey Data (March, 2025)

As shown in Table 4.12, the highest mean value is 5.61 for the statement, "Feeling strong and vigorous at my job," followed by a mean of 5.50 for "Persevering at my work, even when things do not go well." The lowest mean value is 4.95, corresponding to the statement, "Continuing to work for very long periods at a time." The overall mean value is 5.33, indicating that employees generally experience high levels of vigor in their work. Therefore, it can be concluded that employees feel strong and vigorous at work. They are persevering at work even when things don't go well. This level of vigor indicates that employees are highly engaged and motivated in their roles.

4.3.2 Employees' Perception on Dedication

The second analysis is dedication, and it is an important factor for employee engagement. The mean values of dedications are shown in Table 4.13.

Table 4.13 Employees' Perception on Dedication

Sr. No.	Items	Mean	Standard Deviation
1	Finding the work that I do full of meaning and purpose.	5.54	1.123
2	Being enthusiastic about my job.	5.70	1.215
3	Being proud of the work that I do.	5.92	1.100
4	Feeling my job is challenging.	5.46	1.327
5	Being inspired by my job.	5.75	1.125
	Overall Mean	5.67	

Source: Survey Data (March, 2025)

Based on Table 4.13, the highest mean value is 5.92 for the statement, "Being proud of the work that I do," followed by a mean of 5.75 for "Being inspired by my job." The lowest mean value is 5.46, corresponding to the statement, "Feeling my job is challenging." The overall mean value is 5.67, indicating that employees generally experience high levels of dedication in their work. Therefore, it can be concluded that employees find their work meaningful and purposeful, are enthusiastic and proud of their jobs, and feel inspired and challenged by their roles and it is indicated that employees have a dedication dimension of employee engagement frequently to the organization.

4.3.3 Employees' Perception on Absorption

The third analysis is absorption, and it is an important factor for employee engagement. The mean values of absorptions are shown in Table 4.14.

Table 4.14 Employees' Perception on Absorption

Sr. No.	Items	Mean	Standard Deviation
1	Noticing time flies when I am working.	5.44	1.175
2	Feeling happy when I am working intensely.	5.57	1.192
3	Being immersed in my work.	5.44	1.215
4	Getting carried away when I am working.	4.40	1.764
5	Finding it difficult to detach myself from my job.	4.83	1.444
6	Forgetting everything else around me when I am working.	4.79	1.412
	Overall Mean	5.08	

Source: Survey Data (March, 2025)

As shown in Table 4.14, the highest mean value is 5.57 for the statement, "Feeling happy when I am working intensely," followed by a mean of 5.44 for both "Noticing time flies when I am working" and "Being immersed in my work." The lowest mean value is 4.40, corresponding to the statement, "Getting carried away when I am working." The overall mean value is 5.08, indicating that employees generally

experience a moderate level of absorption in their work. Therefore, it can be concluded that employees often feel happy and immersed in their work, noticing that time flies when they are working. However, they sometimes find it difficult to detach themselves from their job and may get carried away while working. This level of absorption suggests that employees are engaged and focused on their tasks.

4.4 Relationship between Leadership Style and Employee Engagement

A two-tailed Pearson correlation analysis was conducted to measure the relationships among leadership style and employee engagement. The results of Pearson correlation of the measured variables are shown in the following tables.

4.4.1 Relationship between Leadership Styles and Vigor

The following Table 4.15 indicates the correlation analysis of leadership styles and vigor from the employee engagement in this study.

Table 4.15 Relationship between Leadership Styles and Vigor

Sr. No.	Leadership Styles	Person Correlation Coefficient	P-value
1	Transformational Leadership	0.553 ^{***}	0.000
2	Transactional Leadership	0.584 ^{***}	0.000
3	Laissez-faire Leadership	0.341 ^{***}	0.000

Source: Survey Data (March, 2025)

*** is significant at 1% level

The correlation analysis demonstrates that transformational, transactional, and laissez-faire leadership styles are all positively associated with vigor. The Pearson correlation coefficients for these styles are 0.553, 0.584, and 0.341, respectively, with p-values below 0.01, indicating statistical significance at the 1% level. These findings suggest that each leadership style has a positive and moderate relationship with vigor. Consequently, employees who perceive their leaders as embodying any of these styles tend to feel more energetic, resilient, and dedicated to their work.

4.4.2 Relationship between Leadership Styles and Dedication

The following Table 4.16 indicates the correlation analysis of leadership styles and dedication from the employee engagement from the study.

Table 4.16 Relationship between Leadership Styles and Dedication

Sr. No.	Leadership Styles	Person Correlation Coefficient	P-value
1	Transformational Leadership	0.529***	0.000
2	Transactional Leadership	0.568***	0.000
3	Laissez-faire Leadership	0.377***	0.000

Source: Survey Data (March, 2025)

*** is significant at 1% level

The correlation results indicate that all three leadership styles which are transformational, transactional, and laissez-faire are positively correlated with dedication. The Pearson correlation coefficients are 0.529, 0.568, and 0.377, respectively, with all p-values being less than 0.01, indicating statistical significance at the 1% level. This suggests that when employees perceive their leaders as adopting transformational, transactional, or laissez-faire leadership styles, they tend to feel more dedicated to their work. It can be concluded that the results reveal that all leadership styles have a positive and moderate correlation with dedication and positively influence employees' dedication levels.

4.4.3 Relationship between Leadership Styles and Absorption

The following Table 4.17 indicates the correlation analysis of leadership styles and dedication from the employee engagement from study.

Table 4.17 Relationship between Leadership Styles and Absorption

Sr. No.	Leadership Styles	Person Correlation Coefficient	P-value
1	Transformational Leadership	0.469***	0.000
2	Transactional Leadership	0.546***	0.000
3	Laissez-faire Leadership	0.417***	0.000

Source: Survey Data (March, 2025)

*** is significant at 1% level

The results of the correlation analysis show that a positive relationship exists between absorption and each of the three leadership styles—transformational, transactional, and laissez-faire. The Pearson correlation coefficients are reported to be 0.469, 0.546, and 0.417, respectively, with all p-values being below 0.01, which demonstrates statistical significance at the 1% level. It can be inferred that higher levels

of absorption are associated with perceptions of leaders adopting any of these leadership styles. Overall, a significant positive correlation has been identified between all leadership styles and absorption, suggesting that leadership styles may positively influence employees' absorption.

4.5 Effects of Leadership Styles on Employee Engagement

Multiple linear regression is a statistical method that uses multiple independent variables (predictors) to predict a dependent variable (outcome). It's an extension of simple linear regression, which uses only one independent variable. This method helps determine the relationship between a dependent variable and a set of independent variables, allowing for more accurate predictions and insights into how each predictor affects the outcome. The following tables discuss the multiple linear regression outcomes and the discussions.

4.5.1 Effects of Leadership Styles on Vigor

This section employs linear regression to explore the potential impacts of various independent variables: Transactional Leadership, Democratic Leadership, and Laissez-Faire Leadership—on the dependent variables of Vigor, Dedication, and Absorption. The results, shown in Table 4.18, illustrate how different leadership styles influence the vigor aspect of employee engagement.

Table 4.18 Effects of Leadership Styles on Employee Engagement (Vigor)

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	b	Std. Error	B			
Constant	1.913	0.450		4.253	0.000	
Transformational Leadership	0.216	0.162	0.227	1.338	0.184	4.696
Transactional Leadership	0.330*	0.181	0.324	1.821	0.072	5.155
Laissez-faire Leadership	0.118*	0.067	0.153	1.760	0.081	1.224
R ²	0.367					
Adjusted R ²	0.349					
F Value	19.922***					

Source: Survey Data (March, 2025)

Dependent Variable: Vigor

*** is significant at 1% level, * is significant at 10% level

As shown in Table 4.18, the regression analysis results reveal that a significant portion of the variation in the dependent variable is accounted for, with an adjusted R² value of 34.9%. This indicates that leadership styles included in the model explain much of the variance in vigor. The F-value of 19.922 ($p < 0.01$) suggests that the regression model significantly predicts vigor among different leadership styles, highlighting the meaningful impact of transactional leadership on employee vigor.

The standardized coefficient between transactional leadership and vigor is 0.324 ($t=1.821$, $p=0.072$, $p < 0.1$), indicating a positive and significant effect on employee engagement among INGOs staff in Northern Shan. The coefficient ($\beta = 0.330$) suggests that transactional leadership, characterized by clear structures, reward-based motivation, and performance monitoring, positively influences employees' energy, mental resilience, and willingness to invest effort. Employees feel more motivated and active when they understand expectations and are rewarded for meeting performance targets.

Similarly, the standardized coefficient between laissez-faire leadership and vigor is 0.153 ($t=1.760$, $p=0.081$, $p < 0.1$), demonstrating a positive and significant effect on employee engagement. The coefficient ($\beta = 0.118$) indicates that a laissez-

faire approach, which offers high autonomy and minimal supervision, positively impacts employees' energy levels and enthusiasm at work. However, transactional leadership is more supportive of vigor in daily tasks.

In contrast, the standardized coefficient between transformational leadership and vigor is 0.227 ($t=1.338$, $p=0.184$, $p > 0.1$), indicating no significant relationship. The coefficient ($\beta = 0.216$) suggests that transformational leadership behaviors, such as inspiring a shared vision, encouraging innovation, and providing individualized support, do not significantly influence employees' energy, resilience, or enthusiasm. Employees may not associate these qualities with increased personal vigor or motivation. The VIF values for transformational (4.696), transactional (5.155), and laissez-faire leadership (1.224) indicate no multicollinearity issues, as all values are below 10, supporting the reliability of the regression coefficients. The P-P plot and scatter plot of residuals show that the data is nearly normally distributed and homoscedastic, with points aligning closely with the diagonal line and no distinct pattern in the scatter plot. Additionally, the histogram of residuals is approximately bell-shaped, reinforcing the normal distribution and validating the model's assumptions. Therefore, the multiple linear regression model's results are valid in this study.

4.5.2 Effects of Leadership Styles on Dedication

This section examines how different leadership styles influence employee engagement and dedication. Linear regression is used to determine the potential effects of independent variables (Transformational Leadership, Transactional Leadership, Democratic Leadership, and Laissez-Faire Leadership) on the dependent variable (Dedication). Table 4.19 shows the influence of leadership styles on employee engagement dedication.

**Table 4.19 Effects of Leadership Styles on Employee Engagement
(Dedication)**

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	b	Std. Error	B			
Constant	2.085	0.477		4.374	0.000	
Transformational Leadership	0.185	0.171	0.184	1.078	0.283	4.696
Transactional Leadership	0.352*	0.192	0.328	1.835	0.069	5.155
Laissez-faire Leadership	0.167**	0.071	0.205	2.350	0.021	1.224
R ²	0.362					
Adjusted R ²	0.344					
F Value	19.506***					

Source: Survey Data (March, 2025)

Dependent Variable: Dedication

*** is significant at 1% level, ** is significant at 5% level and * is significant at 10% level

The analysis presented in Table 4.19 shows that the regression model explains a significant portion of the variance in the dependent variable, with an adjusted R-squared of 34.4%. This indicates that the selected leadership styles account for overall variation in dedication. The F-test value of 19.506 ($p < 0.01$) demonstrates that the model's predictors significantly predict dedication levels. Additionally, the results reveal that among the leadership styles studied, transactional leadership has a notable impact on employee dedication.

It is also found that the standardized coefficient between transactional leadership style and dedication is 0.328 ($t=1.835$, $p=0.069$, $p < 0.1$). The standardized coefficient ($\beta = 0.352$) indicates a significant relationship with other variables. This result demonstrates that transactional leadership has a positive and significant effect on the dedication aspect of employee engagement among INGOs staff in Northern Shan. It can be concluded that employees find their work meaningful and purposeful, are enthusiastic and proud of their jobs, and feel inspired and challenged by their roles. It is also indicated that employees frequently demonstrate the dedication dimension of employee engagement toward the organization.

It is also found that the standardized coefficient between laissez-faire leadership style and dedication is 0.205 ($t=2.350$, $p=0.021$, $p < 0.1$). The standardized coefficient ($\beta = 0.167$) indicates a significant relationship with other variables. This finding indicates that a laissez-faire leadership approach has a notably positive and meaningful impact on staff engagement at INGOs in Northern Shan. It suggests that employees view their supervisors as granting them ample autonomy to solve issues independently, with minimal unnecessary oversight, which is regarded as an effective strategy. Staff members in this region believe that such leadership fosters trust, encouraging them to take initiative, handle their duties autonomously, and work in a self-guided manner.

However, it is also identified that the standardized coefficient between transformational leadership style and dedication is 0.184 ($t=1.078$, $p=0.283$, $p > 0.1$). The standardized coefficient ($\beta = 0.185$) indicates no significant relation to other variables. There is no significant link between transformational leadership and employee dedication among INGO staff in Northern Shan. Leadership behaviors like inspiring vision, encouraging innovation, and offering support do not noticeably impact their commitment. Employees may not connect these qualities with increased dedication. This suggests that transactional and laissez-faire styles may relate to higher staff dedication become.

According to Table 4.19, no multicollinearity issue is indicated by the VIF values, as all are below the threshold of 10 (transformational leadership: 4.696, transactional leadership: 5.155, laissez-faire leadership: 1.224). The data are shown to be approximately normally distributed and homoscedastic by the P-P plot and scatter plot of the residuals, with the points on the P-P plot closely following the diagonal line and the scatter plot displaying a clear pattern. Additionally, the histogram of the residuals, which is roughly bell-shaped, supports the normal distribution and the assumptions of the model. Therefore, the validity of the results of the multiple linear regression models in this study is confirmed.

4.5.3 Effects of Leadership Styles on Absorption

In this part, linear regression is used to analyze the impact of leadership styles on employee engagement absorption in this study. The regression results are presented in Table 4.20.

Table 4.20 Effects of Leadership Styles on Employee Engagement (Absorption)

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	b	Std. Error	B			
Constant	1.624	.484		3.355	0.001	
Transformational Leadership	0.029	0.174	0.029	0.168	0.867	4.696
Transactional Leadership	0.459**	0.195	0.426	2.355	0.020	5.155
Laissez-faire Leadership	0.198***	0.072	0.242	2.743	0.007	1.224
R ²	0.347					
Adjusted R ²	0.328					
F Value	18.228***					

Source: Survey Data (March, 2025)

Dependent Variable: Absorption

*** is significant at 1% level and ** is significant at 5% level

As shown in Table 4.20, the results of the regression analysis reveal that much of the variation in the dependent variable is explained, with an adjusted R² of 32.8%, indicating that the total variance in absorption is clarified by the leadership style included in the model. The results show that the F-value is 18.228 ($p < 0.01$), which significantly predicts absorption among leadership styles. Therefore, the regression model provides a significant explanation of the relationship between the dependent variable (absorption) and the independent variables (transformational, transactional, and laissez-faire leadership styles). This significance indicates that transactional leadership style collectively has a meaningful impact on employee dedication.

It is found that the standardized coefficient between transactional leadership and absorption is 0.426 ($t=2.355$, $p=0.020$, $p < 0.05$). The standardized coefficient ($\beta = 0.459$) indicates a significant relationship with other predictors. This result demonstrates that transactional leadership has a positive and significant effect on the absorption of employee engagement among INGOs staff in Northern Shan. It can be concluded that employees often feel happy and immersed in their work, noticing that time flies when they are working. This level of absorption suggests that employees are

engaged and focused on their tasks.

It is also found that the standardized coefficient between laissez-faire leadership style and absorption is 0.242 ($t=2.743$, $p=0.007$, $p < 0.01$). The standardized coefficient ($\beta = 0.198$) indicates a significant relationship with other predictors. This result demonstrates that laissez-faire leadership style has a positive and significant effect on employee engagement absorption among INGOs staff in Northern Shan. It can be concluded that the laissez-faire leadership approach, characterized by a high degree of autonomy and minimal direct supervision, positively influences their sense of absorption. Employees view their supervisors as granting them full autonomy to address issues on their own and work independently without unwarranted interference. This approach is seen as the most effective. Employees of INGOs in Northern Shan believe that this leadership style signifies trust, empowering them to take initiative, manage their tasks independently, and operate in a self-directed manner.

The analysis revealed that the standardized coefficient between transformational leadership and absorption is 0.029 ($t=0.168$, $p=0.867$, $p > 0.1$), indicating no significant relationship. This suggests that transformational leadership, characterized by inspiring a shared vision, fostering innovation, and providing personalized support, does not significantly influence the absorption dimension of employee engagement among INGO staff in Northern Shan. Employees may not associate these leadership behaviors with increased personal immersion or focus in their daily tasks. Consequently, it appears that transactional and laissez-faire leadership styles are more effective in enhancing staff absorption in the workplace.

The VIF values for transformational leadership (4.696), transactional leadership (5.155), and laissez-faire leadership (1.224) indicate that there are no issues with multicollinearity, as all VIF values are below 10. This supports the reliability of the regression coefficients. The P-P plot and residuals scatter plot suggest that the data are nearly normally distributed and homoscedastic, with points aligning closely to the diagonal line and no clear pattern in the scatter plot. Additionally, the histogram of residuals is roughly bell-shaped, further confirming the normal distribution and supporting the model's assumptions. Consequently, the results of the multiple linear regression models are considered valid in this study.

4.5.4 Effects of Leadership Styles on Employee Engagement

The linear regression is applied to analyze the effect of employee engagement on leadership styles in this study. The results of the regression are shown in Table 4.21.

Table 4.21 Effects of Leadership Styles on Employee Engagement

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	b	Std. Error	B			
Constant	1.861	.393		4.737	0.000	
Transformational Leadership	0.142	0.141	0.160	1.004	0.318	4.696
Transactional Leadership	0.381**	0.158	0.403	2.409	0.018	5.155
Laissez-faire Leadership	0.161***	0.059	0.223	2.740	0.007	1.224
R ²	0.441					
Adjusted R ²	0.425					
F Value	27.121***					

Source: Survey Data (March, 2025)

Dependent Variable: Employee Engagement

*** is significant at 1% level and ** is significant at 5% level

As shown in Table 4.21, the regression analysis results indicate that much of the variation in the dependent variable is explained, with an adjusted R² value of 42.5%. This means that the total variance in absorption is accounted for by the leadership styles included in the model. The results also show that the F-value is 27.121 ($p < 0.01$), which significantly predicts employee engagement based on leadership styles. Therefore, the regression model effectively explains the relationship between the dependent variable (employee engagement) and the independent variables (transformational, transactional, and laissez-faire leadership styles). This significance suggests that the leadership styles collectively have a meaningful impact on employee engagement.

It is found that the standardized coefficient between transactional leadership and employee engagement is 0.403 ($t=2.409$, $p=0.018$, $p < 0.05$). The standardized coefficient ($\beta = 0.381$) indicates a significant relation to other variables. This result demonstrates that transactional leadership has a positive and significant effect on employee engagement among INGOs staff in Northern Shan. It can be concluded that

transactional leadership, characterized by clear structures, reward-based motivation, and performance monitoring, contributes positively to employees' overall engagement. Employees feel more engaged when they clearly understand what is expected of them and are rewarded or recognized for meeting targets.

It is also found that the standardized coefficient between laissez-faire leadership style and employee engagement is 0.223 ($t=2.740$, $p=0.007$, $p < 0.01$). The standardized coefficient ($\beta = 0.161$) indicates a significant relationship with other predictors. This result demonstrates that laissez-faire leadership style has a positive and significant effect on employee engagement among INGOs staff in Northern Shan. It can be concluded that the laissez-faire leadership approach, characterized by a high degree of autonomy and minimal direct supervision, positively influences their overall engagement. Employees of INGOs in Northern Shan feel that this leadership style signals trust, allowing them to take initiative, manage their responsibilities independently, and work in a self-directed manner.

The finding shows that the standardized coefficient linking transformational leadership style to employee engagement is 0.160, with a t-value of 1.004 and a p-value of 0.318, which is greater than 0.1. The coefficient ($\beta = 0.142$) suggests there is no significant relationship with other variables. This implies that the relationship between transformational leadership style and the overall engagement of INGO staff in Northern Shan is not statistically significant.

The data presented in Table 4.20 suggests that multicollinearity is not an issue, as the Variance Inflation Factor (VIF) values are all below 10, specifically 4.696 for transformational leadership, 5.155 for transactional leadership, and 1.224 for laissez-faire leadership. The P-P plot and scatter plot demonstrate that the data approximately follow a normal distribution and exhibit homoscedasticity, with the points on the P-P plot aligning closely to the diagonal and the scatter plot showing a consistent pattern. Furthermore, the residuals' histogram appears roughly bell-shaped, reinforcing the assumption of normality and the validity of the model's conditions. Consequently, the findings from the multiple linear regression analysis are considered reliable.

It has been indicated by the results that employee engagement among INGO staff in Northern Shan is significantly influenced by leadership styles. The linear regression reveals that both transactional and laissez-faire leadership styles positively impact engagement, mainly due to employees' anticipation of future microfinance programs in the region. It is summarized that the adoption of these leadership styles

correlates with increased employee engagement. INGOs are also emphasized and strategically used to enhance staff involvement. Conversely, transformational leadership seems to have a diminished effect in this setting, potentially because INGOs often prioritize immediate, tangible results and grant staff greater autonomy, particularly in emerging sectors like microfinance.

CHAPTER V

CONCLUSION

This section provides the findings and recommendations from the earlier survey, concentrating on leadership styles to employee engagement in INGOs' efforts to introduce microfinance in Northern Shan State. It also evidently states the study's implications and underscores the necessity for additional study.

5.1 Findings and Discussions

The influence of diverse leadership styles of employee engagement INGOs establishing microfinance in Northern Shan State is aimed to be examined by this study. The study examines seven organizations chosen from the thirty-three active in this region. Data was gathered from 107 employees at different levels within these organizations. Most respondents are middle-aged, mainly between 31 and 40 years old. The findings show that the number of single respondents is similar to that of married individuals. Most participants hold bachelor's degrees and work in officer-level positions. Additionally, there is a noticeably higher number of male staff compared to female staff within the INGO workforce. This demographic distribution highlights the significant representation of respondents from the IRC and NRC, reflecting the diverse range of humanitarian and development organizations involved in this effort. Most respondents appear to have between 2 and 5 years of experience, with the 5 to 8 years group coming in second. Notably, fewer respondents have less than 2 years of experience.

The survey items demonstrate strong internal consistency across all measured constructs, indicating high reliability in assessing transformational and transactional leadership, as well as employee engagement, in the reliability analysis. High reliability was also demonstrated for laissez-faire leadership. These findings confirm the effectiveness of the survey items in measuring the intended constructs, supporting the conclusions of the study.

Employee perceptions were analyzed using independent variables through descriptive statistics. The overall mean scores of these variables showed that respondents generally viewed these leadership styles positively and agreed with their effectiveness. Employees recognized the significant role these leadership styles play in

boosting employee engagement. The results related to employee perceptions of transformational leadership indicate that participants typically see transformational leadership practices favorably within INGOs in Northern Shan State. The statement about pride in their supervisors received the highest mean score, highlighting the vital role supervisors have in motivating and supporting their teams through transformational leadership behaviors.

The study's results on employee perceptions of transactional leadership indicate that respondents mostly hold a positive view of these practices in INGOs in Northern Shan State. The highest mean value was linked to the statement about receiving recognition and rewards from supervisors after meeting goals. This specifies that staffs distinguish their supervisors as effectively employing transactional leadership behaviors, such as acknowledging achievements and affording recompences for objective fulfilment, while expressing satisfaction when performance standards are met.

Regarding perceptions of laissez-faire leadership, the statement with the highest mean value related to giving employees wide-ranging autonomy to solve difficulties in their own way. These practices are commonly used and viewed positively by respondents, who value independence and autonomy in their work. This indicates that employees believe their supervisors grant them significant autonomy to handle challenges independently and to evaluate their performance without unnecessary interference.

The study results indicate that employees generally view vigor positively in the workplace, with the highest mean value associated with the statement about feeling strong and energetic at work. This overall mean value shows that employees tend to experience high levels of vigor, proving a maximum degree of engagement and motivation in staffs roles.

Additionally, the study highlights employees' perception of dedication, with the highest mean value reflecting the statement about feeling proud of their work. This finding indicates that staffs generally feel a powerful sense of dedication, seeing work as meaningful and purposeful. They display enthusiasm and pride in their jobs, feeling inspired and challenged by their responsibilities. This demonstrates a strong pledge to the society.

The study also found that employees usually take a positive view of absorption in their work, with the highest mean value for the statement about feeling happy when

working intensely. This shows that employees often feel joyful and absorbed in their tasks, experiencing a sense of time passing quickly. However, they may also find it difficult to disconnect from work at times, becoming deeply immersed in their tasks. This level of absorption indicates a high degree of engagement and focus among employees.

A two-tailed Pearson correlation was employed to examine the relationship between leadership styles and employee engagement. The study considered transformational, transactional, and laissez-faire as perceived by employees. The findings indicated a positive and statistically significant correlation between each independent variable and employee vigor, implying that employees generally felt more energetic, resilient, and committed to their tasks when the leaders were perceived to exhibit any of these styles.

The study revealed a positive correlation between leadership styles and employee engagement, with all links being statistically significant. It was indicated that employees tend to feel more dedicated to their work when they see their leaders adopting transformational, transactional, or laissez-faire leadership styles. Moreover, the research showed a positive relationship between these leadership styles and employee engagement, suggesting that employees who perceive their leaders as exemplifying these styles are generally more immersed in their work.

Generally, the study determined that transformational, transactional, and laissez-faire leadership styles have a significant positive impact on employee engagement, including vigor, dedication, and absorption, within INGOs in Northern Shan State. These conclusions underscore the crucial role of leadership in fostering staff engagement in INGOs.

Interestingly, the study also revealed that both transactional and laissez-faire leadership styles have positive and significant effects on employee engagement among INGO staff in Northern Shan State. This may be attributed to the employees' focus on upcoming microfinance programs in the region, which focus the status of transactional and laissez-faire leadership in promoting employee involvement. However, transformational leadership did not show a notable impact on engagement among INGO personnel, suggesting that it may be less effective or less commonly used in this context. This could be due to the nature of INGOs, which prioritize quick, measurable results while supporting staff autonomy, especially in the development of new sectors like microfinance.

This paper concludes that transactional leadership is the utmost effective approach for boosting employee engagement among INGO staff in Northern Shan State, particularly in well-structured and goal-driven settings such as microfinance. This leadership style enhances clarity, accountability, and motivation through rewards based on performance, resulting in increased vigor, dedication, and absorption among employees.

5.2 Suggestions and Recommendations

This study shows that the leadership styles employed by International Non-Governmental Organizations (INGOs) in Northern Shan State primarily consist of transactional and laissez-faire approaches, which are used more frequently than other leadership styles. According to a regression study, employee engagement is positively impacted by both transactional and laissez-faire leadership compared to transformational leadership. Therefore, INGO leaders in Northern Shan State should focus on transactional leadership, especially when initiating new sectors, such as a microfinance program. This approach creates a structured and motivating environment that can significantly boost the success of new initiatives. Human resources departments should devote leadership training programs to develop these skills in transactional and laissez-faire leadership, ensuring consistent application across teams.

By connecting Schaufeli's and Kahn's engagement theories with the study's regression results, it becomes evident that transactional and laissez-faire leadership styles establish the psychological and operational conditions needed for high engagement. These styles boost vigor, dedication, and absorption by meeting employees' needs for clarity, autonomy, and trust, especially in the context of INGOs working on rapid, outcome-focused programs like microfinance. As long as these two leadership practices are in place, employment will foster vigor, dedication, and engagement.

General recommendations for INGO leadership, senior management members, and HR teams should highlight the importance of aligning leadership styles with the unique needs of employees and the operational environment. Employee engagement strategies should be tailored to resonate with staff members and support the organization's goals. Misaligned leadership approaches can lead to disengagement, absenteeism, and decreased productivity, making it essential for organizations to assess employee engagement through surveys or 360-degree feedback mechanisms regularly.

Leaders should promote transparency, foster open communication, and offer emotional support to build trust, as well as provide psychological support to their team members. By effectively combining the strengths of transactional and laissez-faire leadership styles with targeted transformational behaviors, INGOs can develop a workforce that is more engaged, motivated, and committed.

While transformational leadership is often commended for its effectiveness in various organizational settings, this study shows that it does not significantly boost employee engagement among staff in INGOs operating in Northern Shan State. Although leaders demonstrated behaviors such as fostering optimism, offering personalized support, inspiring a shared vision, and encouraging innovative thinking, these efforts did not lead to notable improvements in vigor, dedication, or absorption. Therefore, organizations should adopt transformational leadership selectively and strategically, rather than making it the primary or sole approach. Given the practical and fast-paced nature of INGO work in this region, staff members tend to focus more on clear goals, operational efficiency, and autonomy rather than on more visionary or emotionally driven leadership styles.

INGO members should align their work practices and engagement efforts with the organization's mission and operational goals by understanding how different leadership styles affect employee engagement. This awareness enables staff to adapt effectively and perform well under various leadership styles. Success in programs like microfinance depends on responsive leadership. Leaders should build emotional rapport with their teams, encouraging transparency and openness in their interactions. This approach can significantly enhance employee engagement and propel the organization toward its objectives, fostering resilience and long-term sustainability.

Furthermore, to boost engagement, INGO leaders are encouraged to adopt more transactional leadership behaviors, which offer structure, clarity, and motivation. Incorporating complementary leadership styles can further enhance engagement, leading to a more committed and high-performing workforce.

In conclusion, to achieve sustainable success in microfinance programs, INGOs need to focus on leadership that connects with their teams. By emphasizing transactional leadership, strategically using laissez-faire and transformational styles, and aligning engagement strategies with employee needs, INGOs can foster a motivated and highly engaged workforce that supports long-term impact.

5.3 Implications of the Study

This study offers valuable insights into how different leadership styles influence employee engagement within INGOs in Northern Shan, especially in the context of establishing microfinance projects. The results indicate that transactional leadership is the most effective approach for increasing employee engagement, with transformational and laissez-faire styles following. Organizations should consider investing in training programs to develop transactional leadership skills, such as coaching subordinates, communicating a clear vision, and promoting optimism about the future. These findings can guide management in creating policies that emphasize transactional leadership to enhance employee engagement. Furthermore, recognizing the positive effects of transactional leadership can lead to the implementation of reward systems that acknowledge and motivate employees for meeting specific goals, thereby boosting motivation. For INGOs aiming to establish microfinance projects in Northern Shan, adopting transactional leadership practices can be particularly advantageous in building a dedicated and productive workforce, benefiting both leaders and the organization.

This study shows that for an organization to succeed, leadership styles and their effects on employees must be adapted appropriately. Quality leadership plays a vital role in both individual career development and organizational success. Consequently, the chosen leadership style can influence employees' quality of work life. While basic research exists in this field, further exploration is needed to understand how transformational, laissez-faire, and transactional leadership styles impact employees' quality of life across different industries and regions. The study also emphasizes the importance of effective leadership in enhancing employee engagement and provides practical recommendations for leaders and organizations to implement these insights in real-world contexts.

5.4 Needs for Further Study

This study is limited to leadership styles and employee engagement in INGOs operating in Northern Shan. The data, collected from a randomly selected sample of organizations within this region, may not fully represent the broader context of INGOs across Myanmar's various states and regions. Results could vary if the study included a larger, more diverse sample from different areas. Also, the research focused only on three leadership styles: transformational, transactional, and laissez-faire. Other styles

may exist and influence employee engagement differently. Future research should include additional leadership styles for a more comprehensive understanding.

This study could also be expanded beyond INGOs to include sectors like education, government, services, and both private and public enterprises. Comparative studies across these sectors can shed light on how leadership styles operate in different organizational cultures. Furthermore, future work should consider factors such as communication effectiveness, work-life balance, organizational culture, job autonomy, and opportunities for growth.

Additional research could examine how leadership styles affect employee satisfaction, self-efficacy, commitment, and citizenship behaviors. A multidimensional approach would validate or challenge current findings and offer practical insights for leadership and HR strategies.

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QUESTIONNAIRES

Leadership Styles and Employee Engagement of INGOs Intention to Setup Microfinance in Northern Shan State

I am an MBA student from the University of Cooperative and Management, Sagaing. As a part of MBA course, I am doing a thesis for my graduation. Please give your view or your opinion to the questions given below about leadership styles and employee engagement of ingos intention to setup microfinance in Northern Shan. Your participation is greatly appreciated and will remain confidential.

Section (A) Demographic Factors of the Respondents

1 Gender

- Male
- Female

2 Age

- Under 20 Years
- 21 - 30 Years
- 31 – 40 Years
- Over 40 Years

3 Educational Qualification

- Undergraduate
- Bachelor's degree
- Master's degree
- Others

4 Marital Status

- Single
- Married

5 Years of Working Experience in Current Organization

- Less than 2 years
- Between 2 years and 5 years
- Between 5 years and 8 years
- Between 8 years and 10 years
- More than 10 years

6 Years of Working Experience in Current Position

- Less than 2 years
- Between 2 years and 5 years
- Between 5 years and 8 years
- Between 8 years and 10 years
- More than 10 years

7 Name of your current working organization

- IRC
- DRC
- Oxfam
- Relief International
- Archinova
- NRC
- Welthungerhilfe (WHH)

8 Position Level

- Manager
- Supervisor
- Senior Officer
- Officer
- Assistant
- Helper
- Other

Section B

How would you rate each of the following factors relating to your job? Please note that the score ranges from 1 to 7. Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

- | | | |
|-----------------------|--------------------|-----------------------|
| 1 = Strongly disagree | 2 = Disagree | 3 = Somewhat disagree |
| 4 = neutral | 5 = Somewhat agree | 6 = Agree |
| 7 = Strongly agree | | |

Transformational Leadership

Idealized Influence		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	I feel my supervisor makes others feel confident and good to be around him / her.							
2	I am proud to be associated with my supervisor.							
3	I admire my supervisor's leadership qualities.							
4	I trust my supervisor's decisions.							

Inspirational Motivation (IM)		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	I noticed that my manager seeks differing perspectives when solving problems.							
2	I find meaning in my work with the help of my supervisor.							
3	I feel motivated by my supervisor's vision for our future.							
4	I am energized by the goals my supervisor sets for us.							

Intellectual Stimulation (IS)		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	I am enabled by my supervisor to think about old problems in new ways.							
2	I am provided with new ways of looking at puzzling things by my supervisor.							
3	I am motivated by my supervisor to explore new solutions to challenging problems.							

Individual Consideration (IC)		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	I am helped by my supervisor to develop myself.							
2	I am informed by my supervisor about how he/she thinks we are doing.							
3	I receive personal attention from my supervisor when I seem rejected.							

Transactional Leadership

Material, Personal and Contingent Reward (CR)		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	I noticed that my supervisor provides me with assistance in exchange for my efforts.							
2	I receive recognition/rewards from my supervisor when I reach my goals.							
3	I am made aware by my supervisor of what I can get for what I accomplish.							
4	My supervisor clearly outlines who is responsible for achieving performance targets.							
5	My supervisor communicate that the benefits offered by organization are based on the employees.							

Management by Exception (MBE):		Level of Agreement						
		1	2	3	4	5	6	7
Sr.	Skill Variety							
1	I know my supervisor is always satisfied when I meet agreed-upon standards.							
2	I notice that as long as things are working, my supervisor does not try to change anything.							
3	I am informed by my supervisor about the standards I have to know to carry out my work.							
4	I feel that the supervisor will pay attention to those employees whose performance does not meet standards.							
5	My supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards.							
6	My supervisor actively participates in preventing mistakes from happening again							

Laissez-Faire Leadership

		Level of Agreement						
		1	2	3	4	5	6	7
Sr.	Skill Variety							
1	In complex situations, my supervisor should allow me to work through problems on my own.							
2	My supervisor allows me to work independently without unnecessary interference.							
3	As a rule, my supervisor should allow me to appraise my own work.							
4	My supervisor should give me complete freedom to solve problems in my own way.							
5	I notice my supervisor avoids getting involved when critical issues arise.							

6	I prefer little input from my supervisor in most situations.							
7	I feel that, in general, my supervisor believes it's best to leave subordinates alone.							

Employee Engagement

Vigor		Level of Agreement						
Sr.	Skill Variety	1	2	3	4	5	6	7
1	At my work, I feel bursting with energy.							
2	When I get up in the morning, I feel like going to work							
3	I can continue working for very long periods at a time.							
4	At my job, I am very mentally resilient.							
5	At my work, I feel bursting with energy.							
6	At my work, I always persevere, even when things do not go well.							

Dedication		Level of Agreement						
1	I find the work that I do full of meaning and purpose.	1	2	3	4	5	6	7
2	I am enthusiastic about my job.							
3	I am proud of the work that I do.							
4	To me, I feel my job is challenging.							
5	My job inspires me.							

Absorption		Level of Agreement						
		1	2	3	4	5	6	7
1	Time flies when I am working.							
2	I feel happy when I am working intensely.							
3	I am immersed in my work.							
4	I get carried away when I am working.							
5	It is difficult to detach myself from my job.							
6	When I am working, I forget everything else around me.							

APPENDIX (B)

STATISTICAL OUTPUTS

(i) Reliability Test

a. Transformational Leadership Style

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.964	0.964	14

b. Transactional Leadership Style

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.920	0.926	11

c. Laissez-Faire Leadership Style

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.885	0.891	7

d. Employee Engagement (Vigor)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.871	0.875	6

e. Employee Engagement (Dedication)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.918	0.922	5

f. Employee Engagement (Absorption)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.837	0.852	6

g. Employee Engagement (All Variables)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.937	0.944	17

(ii) Correlations Analysis of the effect of leadership styles on employee engagement (vigor, dedication and absorption) of intention to setup microfinance establishing INGOs in Northern Shan.

(a) Correlation between Leadership Styles and Vigor

Correlations					
		Transformational Leadership	Transactional Leadership	Laissez-faire Leadership	Vigor
Transformational Leadership	Pearson Correlation	1	.883**	.267**	.553**
	Sig. (2-tailed)		.000	.005	.000
	N	107	107	107	107
Transactional Leadership	Pearson Correlation	.883**	1	.392**	.584**
	Sig. (2-tailed)	.000		.000	.000
	N	107	107	107	107
Laissez-faire Leadership	Pearson Correlation	.267**	.392**	1	.341**
	Sig. (2-tailed)	.005	.000		.000
	N	107	107	107	107
Vigor	Pearson Correlation	.553**	.584**	.341**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	107	107	107	107

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

(b) Correlation between Leadership Styles and Dedication

Correlations					
		Transformational Leadership	Transactional Leadership	Laissez-faire Leadership	Dedication
Transformational Leadership	Pearson Correlation	1	.883**	.267**	.529**
	Sig. (2-tailed)		.000	.005	.000
	N	107	107	107	107
Transactional Leadership	Pearson Correlation	.883**	1	.392**	.568**
	Sig. (2-tailed)	.000		.000	.000
	N	107	107	107	107
Laissez-faire Leadership	Pearson Correlation	.267**	.392**	1	.377**
	Sig. (2-tailed)	.005	.000		.000
	N	107	107	107	107
Vigor	Pearson Correlation	.529**	.568**	.377**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	107	107	107	107

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

(c) Correlation between Leadership Styles and Absorption

Correlations					
		Transformational Leadership	Transactional Leadership	Laissez-faire Leadership	Absorption
Transformational Leadership	Pearson Correlation	1	.883**	.267**	.469**
	Sig. (2-tailed)		.000	.005	.000
	N	107	107	107	107
Transactional Leadership	Pearson Correlation	.883**	1	.392**	.546**
	Sig. (2-tailed)	.000		.000	.000
	N	107	107	107	107
Laissez-faire Leadership	Pearson Correlation	.267**	.392**	1	.417**
	Sig. (2-tailed)	.005	.000		.000
	N	107	107	107	107
Vigor	Pearson Correlation	.469**	.546**	.417**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	107	107	107	107

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

(III) Regression Analysis on the effect of leadership styles on employee engagement of intention to setup microfinance establishing INGOs in Northern Shan.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.664 ^a	.441	.425	.68308	.441	27.121	3	103	.000

a. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

b. Dependent Variable: Employee Engagement

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.963	3	12.654	27.121	.000 ^b
	Residual	48.059	103	.467		
	Total	86.023	106			

a. Dependent Variable: Employee Engagement

b. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		β	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.861	.393		4.737	.000		
	Transformational Leadership	0.142	.141	.160	1.004	.318	.213	4.696
	Transactional Leadership	0.381	.158	.403	2.409	.018	.194	5.155
	Laissez-faire Leadership	0.161	.059	.223	2.740	.007	.817	1.224

a. Dependent Variable: Employee Engagement

Chart (a) Histogram of Dependent Variable: Employee Engagement

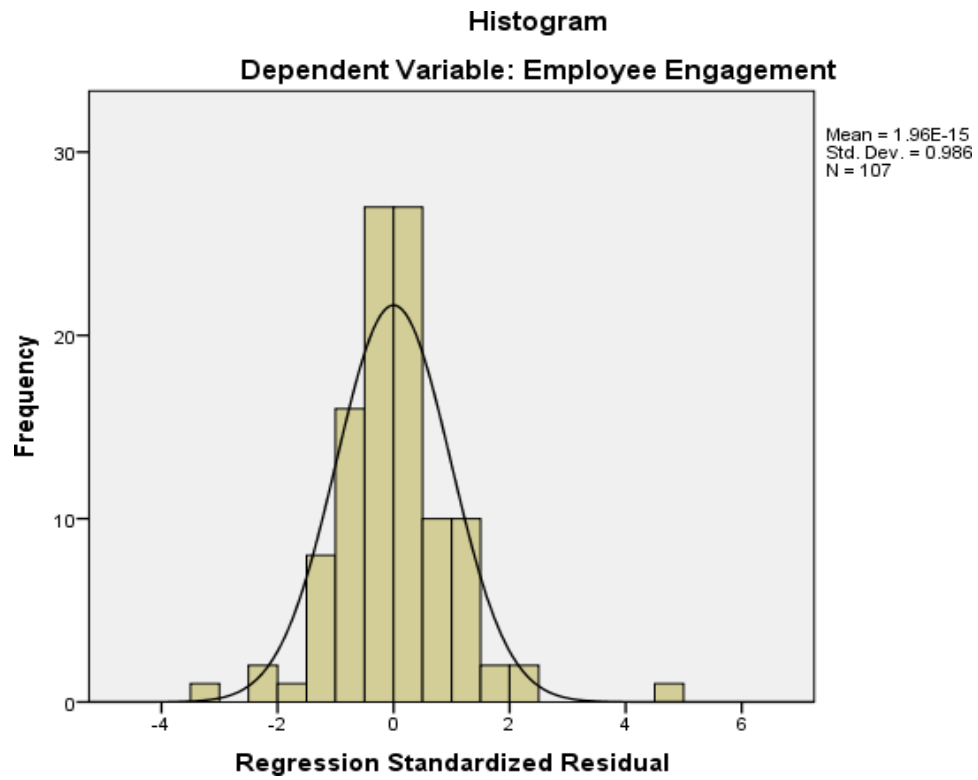
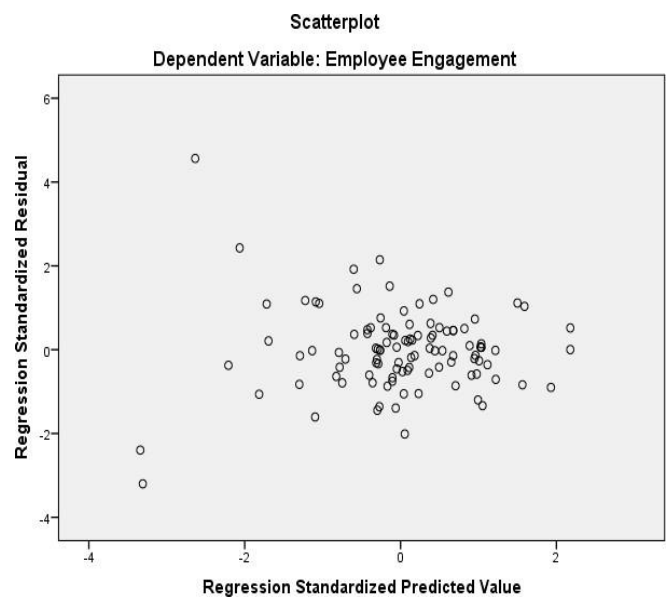
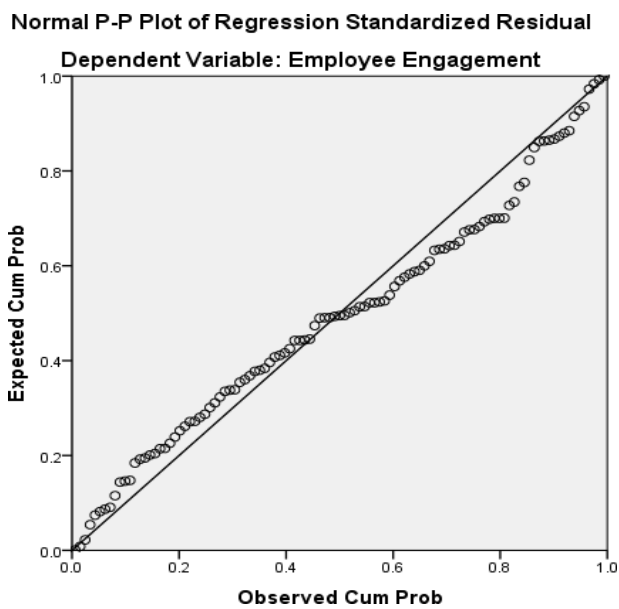


Chart (b) Regression plot and chart of dependent variable of employee engagement



(a.) Regression Analysis on the effect of leadership styles on employee engagement (vigor)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.606 ^a	.367	.349	.78201	.367	19.922	3	103	.000

a. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

b. Dependent Variable: Vigor

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.549	3	12.183	19.922	.000 ^b
	Residual	62.989	103	.612		
	Total	99.538	106			

a. Dependent Variable: Vigor

b. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations	
		β	Std. Error	Beta			Zero-order	Partial
1	(Constant)	1.913	.450		4.253	.000		
	Transformational Leadership	0.216	.162	.227	1.338	.184	.554	.131
	Transactional Leadership	0.330	.181	.324	1.821	.072	.584	.177
	Laissez-faire Leadership	0.118	.067	.153	1.760	.081	.340	.171

a. Dependent Variable: Vigor

Chart (c) Regression plot and chart of dependent variable of employee engagement (Vigor)

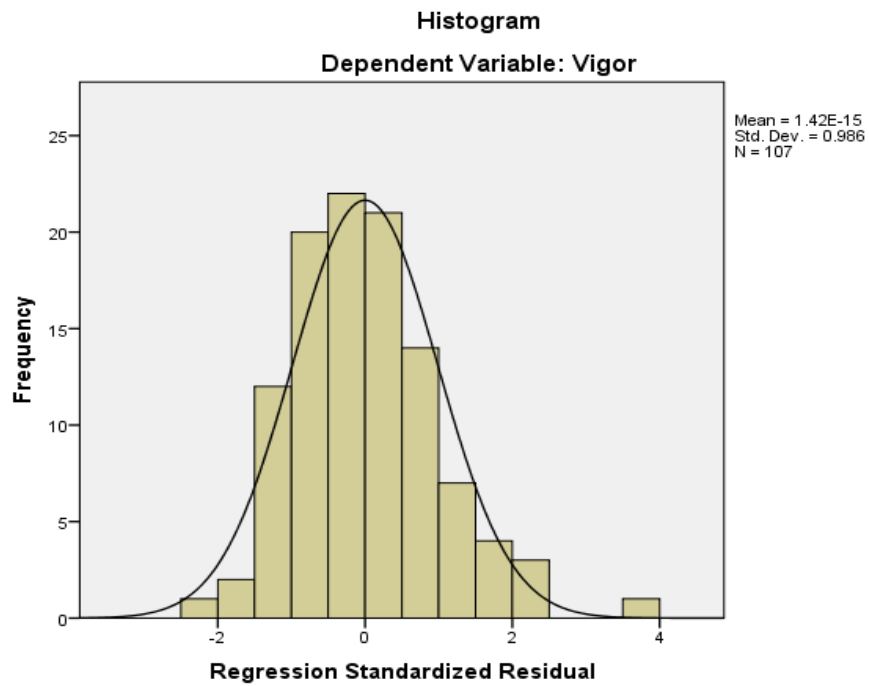
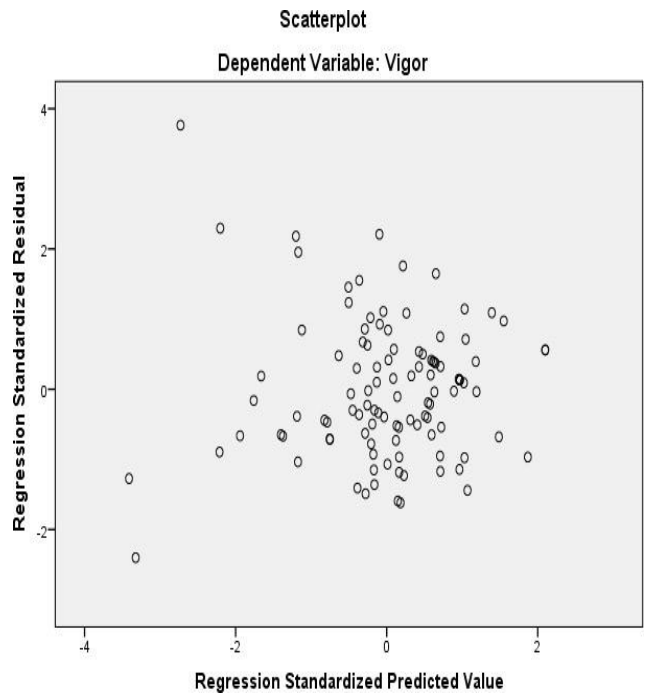
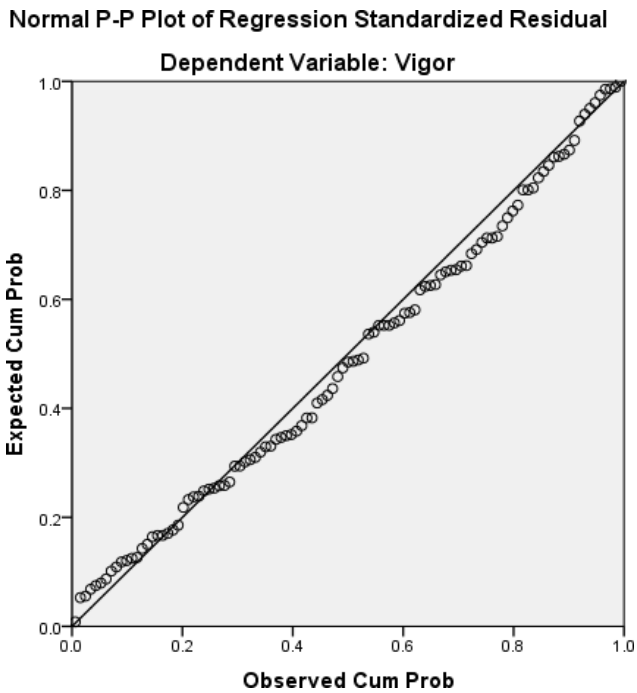


Chart (d) Regression plot and chart of dependent variable of employee engagement



(b.) Regression Analysis on the effect of leadership styles on employee engagement (dedication)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.602	.362	.344	.82857	.362	19.506	3	103	.000

a. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

b. Dependent Variable: Dedication

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.174	3	13.391	19.506	.000b
	Residual	70.713	103	.687		
	Total	110.887	106			

a. Dependent Variable: Dedication

b. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations	
		β	Std. Error	Beta			Zero-order	Partial
1	(Constant)	2.085	.477		4.374	.000		
	Transformational Leadership	0.185	.171	.184	1.078	.283	.528	.106
	Transactional Leadership	0.352	.192	.328	1.835	.069	.570	.178
	Laissez-faire Leadership	0.167	.071	.205	2.350	.021	.382	.226

a. Dependent Variable: Dedication

Chart (e) Regression plot and chart of dependent variable of employee engagement (Dedication)

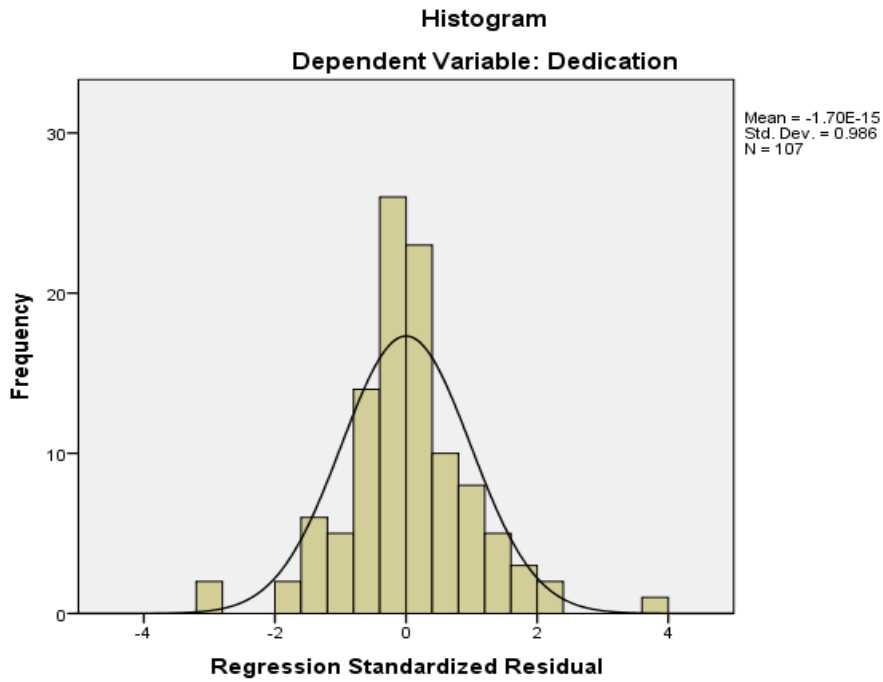
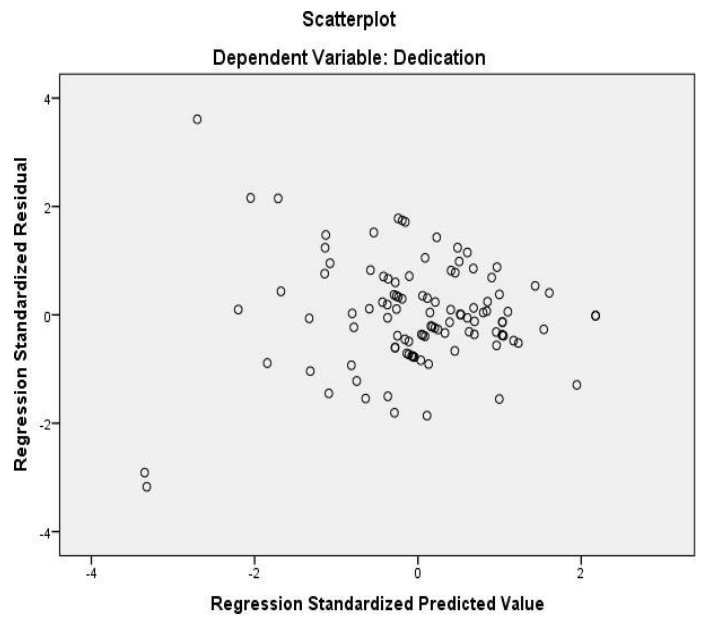
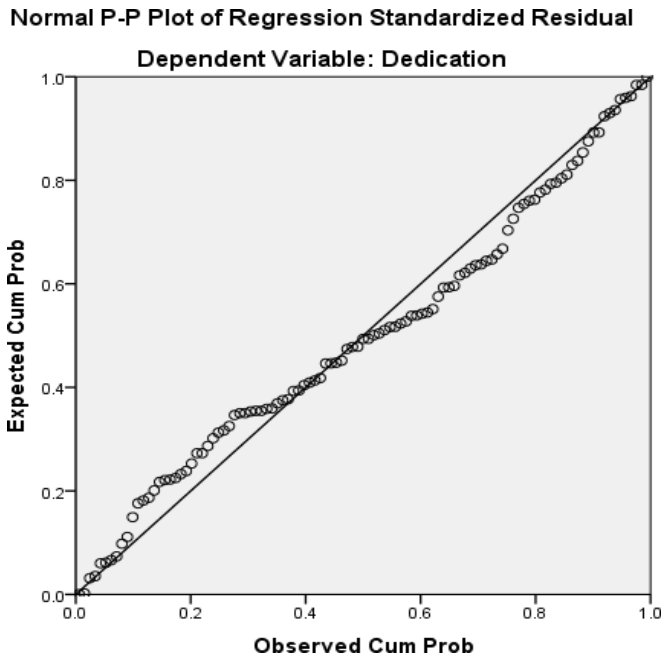


Chart (f) Regression plot and chart of dependent variable of employee engagement



(c.) Regression Analysis on the effect of leadership styles on employee engagement (absorption)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.589	.347	.328	.841057	.347	18.228	3	103	.000

a. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

b. Dependent Variable: Absorption

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.682	3	12.894	18.228	.000b
	Residual	72.860	103	.707		
	Total	111.542	106			

a. Dependent Variable: Absorption

b. Predictors: (Constant), Laissez-faire Leadership, Transformational Leadership, Transactional Leadership

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations	
		β	Std. Error	Beta			Zero-order	Partial
1	(Constant)	1.624	.484		3.355	.001		
	Transformational Leadership	0.029	.174	.029	.168	.867	.469	.017
	Transactional Leadership	0.459	.195	.426	2.355	.020	.546	.226
	Laissez-faire Leadership	0.198	.072	.242	2.743	.007	.416	.261

a. Dependent Variable: Absorption

Chart (g) Regression plot and chart of dependent variable of employee engagement(Absorption)

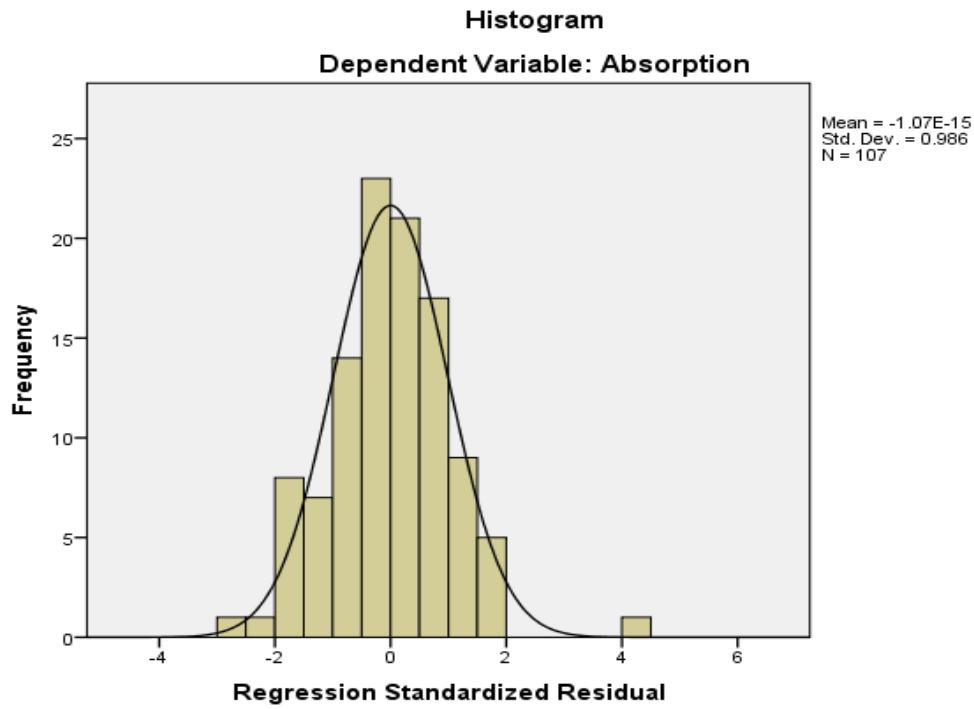
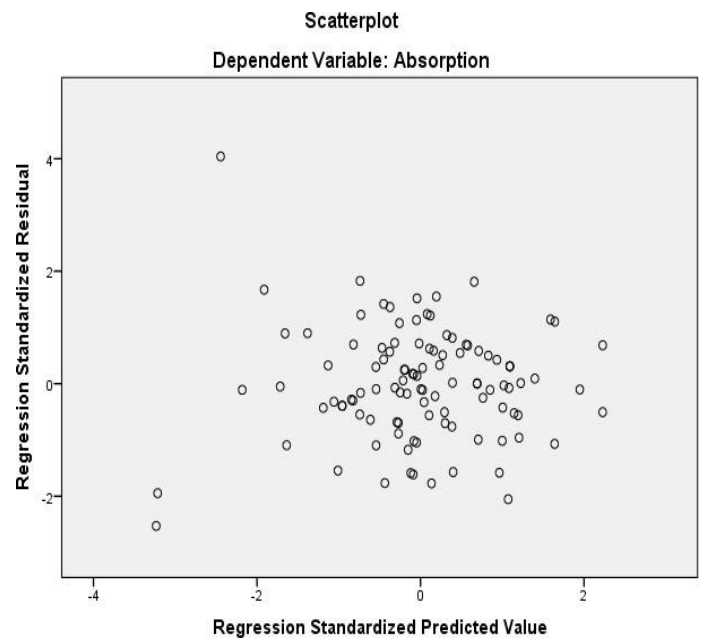
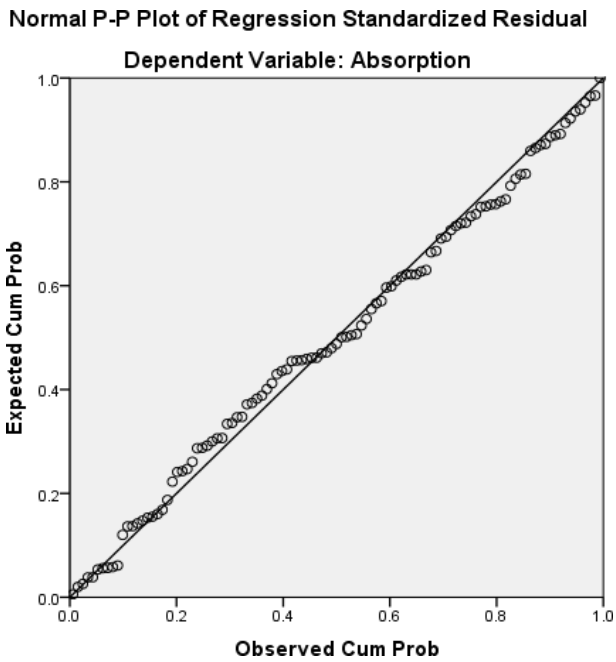


Chart (h) Regression plot and chart of dependent variable of employee engagement



APPENDIX (C)

Previous Studies of Leadership Styles on Employee Engagement of INGOs/Private Sector

Sr. No.	Author (Year)	Titles	Independent Variables	Moderate/ Mediate Variables	Dependent Variable	Findings
1	Basit, Sebastian And Hassan (2017)	Impact of Leadership Style on Employee Performance (A Case Study on A Private Organization In Malaysia)	Leadership Style - Democratic leadership - Autocratic leadership - Laissez-Faire leadership		Employee Performance	-The findings concluded that the democratic leadership style has a more significant impact on employee performance compared to laissez-faire and autocratic styles. - However, autocratic leadership style had a highly negative impact on employee performance. -To remain competitive, it is recommended that the public sector develop leaders with high capabilities at all levels.
2	Malik, Ali, and Arshad	An Empirical Analysis of Impact of	Inclusive leadership Styles		Employee Engagement	-The study found that only the inclusive dimension of leadership is linked to employee engagement.

	(2017)	Inclusive Leadership on Employee Engagement in INGO's of Pakistan				-The researchers pointed out that inclusive leadership upturned the level of engagement of the employees which is the key to improve employee and organizational performance.
3	Aye, Ameen, and Nusari (2019)	Factors influencing job performance of employees from international non-profit organizations (INGO) in Myanmar	-Motivation -Ability -Organization Culture -Leadership Style		Job Performance	-The purpose of the study was to examine factors influencing job performance of full-time employees from international non-profit organizations. -The finding showed that the motivation, ability, organizational culture and leadership style altogether have significant influence on job performance of employees from non-profit organizations in Myanmar.
4	Thein (2019)	Leadership Styles, Employee Commitment and	Leadership Styles	Employee Commitment	Employee Job Performance	-The finding described that transformational leadership affects both employee

		Employee Job Performance Of Myanmar Oriental Bank	-Transactional -Transformational			commitment and employee job performance positively and significantly. -Moreover, there was a mediated effect of employee commitment between transformational leadership and employee job performance.
5	Saif (2020)	Leadership in an Economic Downturn Affecting Employee Engagement In INGO's In Yemen	Leadership	Economic Downturn	Employee Engagement	-The study has found that there is a relation between leadership and employee engagement in the case of an economic downturn. -Moreover, the result shown that the economic downturn has a strong negative moderating effect between leadership and employee engagement
6	Larik and Lashari (2022)	Leadership Style and its Impact on Employee Performance	Leadership Styles		Employee Performance	-The participatory leadership styles have a more positive impact on employee performance.

			<ul style="list-style-type: none"> - Democratic leadership - Autocratic leadership - Participative leadership 			<p>-In an autocratic style, leaders have the right to make decisions only when employees feel inferior in their work and decision-making.</p> <p>-Democratic-style employees have a certain sense of accomplishment to get their work done, so their performance is better than an authoritarian style.</p>
7	Abdul and Lashari (2023)	Effect of Leadership Style on Employee Performance	<p>Leadership Styles</p> <ul style="list-style-type: none"> -Democratic Leadership -Autocratic Leadership -Participative Leadership 		Employee Performance	-The finding indicated that democratic style is highly useful beneficial for employees at all times while the participation style is also beneficial for employee’s performance on a long-term duration.
8	Kariuki, M., &	Effect of Leadership Styles on the	Leadership Styles		Performance	-The study found that microfinance institution has a diverse array of leadership. However, democratic leadership stands out as

	Wachira, M. (2017)	Performance of Microfinance Institutions in Nairobi, Kenya	<ul style="list-style-type: none"> -Democratic -Autocratic - Transactional - Laissez Faire -Transformational 			the dominant style, followed by transformational leadership then autocratic leadership. Autocratic leadership style was also found to have a positive effect on MFIs' performance although limited. It is recommended that microfinance institutions create an environment conducive for transformational leadership which ensure that employee turnover is low, enhances employee satisfaction and productivity as employees grow to love their work.
9	Chirchir, R. K. (2016)	The Influence of Perceived Leadership Styles on Organizational Commitment in A Microfinance Institution	<p>Leadership Styles</p> <ul style="list-style-type: none"> -Transformational -Transactional 		Organizational Commitment	-This study found a significant positive relationship between Transformational leadership and organizational commitment in a Kenyan microfinance institution. Transformational leadership accounted for 43% of the influence on commitment, while Transactional leadership showed an insignificant relationship. Managers are encouraged to develop transformational

						qualities like charisma, motivation, and personalized attention.
10	Soane, E. (2013)	Leadership and Employee Engagement	Leadership Styles -Transformational -Transactional		Employee Engagement	-The study found that transformational leadership significantly enhances organizational commitment and employee engagement, particularly through intellectual stimulation and individualized consideration. -Employee engagement is strongly linked to the quality of the supervisor-employee relationship and psychological safety.

Source: Survey Data (2024)