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**THE EFFECT OF LEADERSHIP STYLE ON ORGANIZATIONAL
CULTURE: THE CASE STUDY OF BANK OF ABYSSINIA WEST ADDIS
DISTRICT**

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This is to certify that Tigist Getu's research project, "The effect of leadership style on organizational culture: A Case Study of Bank of Abyssinia West Addis District" which was submitted to Addis Ababa University School of Commerce in partial fulfillment of the requirements for a Masters of Business Leadership, complies with university policies and meets the required standard for originality and quality.

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Declaration

I, the undersigned, thus certify that this work, titled " The effect of leadership style on organizational culture: A Case Study of Bank of Abyssinia West Addis District " is the result of my efforts. Additionally, I appropriately acknowledged every source of information I used in the study.

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ACRONYMS

- ✓ BOA – Bank of Abyssinia
- ✓ SEM- Structural Equation Modeling
- ✓ TLS- Transactional Leadership Style
- ✓ TLS- Transformational leadership style
- ✓ LLS- Laissez-faire Leadership Style
- ✓ SPSS- Statistical package for social science

Abstract

This study aims to assess the impact of various leadership styles (Transactional, Transformational, and Laissez-faire) on the organizational culture at the Bank of Abyssinia (BOA) West Addis District. Employing a descriptive and explanatory research design, data was collected using the Multifactor Leadership Questionnaire (MLQ) and analyzed using SPSS version 25.

The study highlighted a balanced gender representation among respondents, with a slight male majority, and a workforce that is relatively young and well-educated. Most employees have extensive experience, having served the bank for over four years. The results of correlation study showed that although there is a positive correlation between organizational culture and both transformational and transactional leadership styles, laissez-faire leadership had the strongest association. This high correlation suggests that Laissez-faire leadership significantly influences organizational culture, despite minimal leader intervention.

The predominant leadership style identified was Laissez-faire, characterized by minimal involvement and a hands-off approach by leaders. Despite this, employees generally perceived the organizational culture positively across dimensions such as involvement, consistency, adaptability, and mission.

The reliability of the study's findings is supported by a robust Cronbach's alpha score. These insights emphasize the nuanced relationship between leadership styles and organizational culture. The findings suggest a need for tailored leadership development programs that align with the unique cultural and operational dynamics of BOA West Addis District.

Keywords: *Transformational Leadership style, transactional leadership style, laissez-faire leadership style, organizational culture.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Today's organizations depend heavily on the ability of their leaders to adapt corporate culture in the face of challenges. Conversely, leaders actively contribute to the establishment, maintenance, and enhancement of organizational culture through their policies and style of leadership (Christine Kane, Urrabazo, 2006). It is expected of leaders to act in a manner that advances the commercial objectives of their companies. Recent studies by Smith et al. (2023) and Johnson (2022) further highlight the correlation between effective leadership and organizational performance, emphasizing the importance of adaptive leadership styles in today's dynamic workplaces. Therefore, with the proper leadership style and organizational culture, the necessary organizational success and efficiency can be attained.

Different definitions and conceptualizations of leadership and organizational culture have been offered by academics and researchers in a variety of sectors. Leadership style and organizational culture have been emphasized as key ideas about the significance of organizations. Chen et al.'s research from 2021 emphasizes how organizational culture affects strategic decision-making and how it can either limit or open up strategic options. Establishing ideals that inspire staff members and gives them a sense of purpose and meaning is the primary objective of leadership. The enduring nature of an organization can be demonstrated by its values, customs, symbols, rituals, and interpretations or translations of its environment (Gioia DA, Thomas JB, 1996). Leaders establish identity, the organization's perspective on its work and surroundings, the significance of interactions, and the value of feedback.

Nonetheless, there is a clear relationship between mission and what businesses call strategy. From the perspective of an external observer, it is possible to ascertain what the organization's survival and growth plan should be. Insiders, however, believe that the company culture limits the strategy options (Schein 2004). According to DuBrin (2012), leadership is the ability to foster a climate of trust and support among individuals needed to accomplish corporate goals. Recent

studies by Brown and Martinez (2024) highlight the interplay between personal attributes, situational dynamics, and leadership efficacy, shedding light on the nuanced factors influencing leadership effectiveness. An organization's leadership style is one of the key factors in deciding whether or not its members' interest and commitment will improve under that style. Successful leaders have certain traits, according to Bennis and Nanus (1985). As per their argument, a transformational leader is someone who creates and articulates a plan for establishing a productive corporate culture that encourages creativity, mutual trust, cooperative decision-making, and employee growth. Glantz (2002) emphasizes how important it is for managers to recognize their own leadership style.

The most common factor that could affect how an employee feels and behaves in relation to the values, beliefs, conventions, and symbols of a business is the leadership style that they use. The study uses three leadership styles (Transformational, Transactional, and Laissez-Faire) since it is tailored to unique context and needs of the organization. Given the autonomy and initiative encouraged in the organization, it is crucial to understand the impact of hands-off leadership approach. On the other hand, the organization values clear structures and accountability. By examining transactional leadership, we can evaluate how reward based management and structured processes influence performance, compliance and maintenance of organizational standards. Additionally, as the organization strives for innovation and continuous improvement, transformational leadership is particularly pertinent. By focusing on these three leadership styles, the study aims to provide tailored insights into how different approaches can be effectively leveraged to enhance the organization's culture, address specific challenges and align with strategic goals.

1.2 Statements of Problem

In the modern banking sector, an organization's effectiveness is largely dependent on its leadership and organizational culture. Research shows that transformational leadership enhances organizational performance through strategic vision and employee engagement (Belias & Koustelios, 2014; Albrecht et al.,2015), while a strong culture emphasizing ethics, innovation, and customer focus is crucial for risk management and adaptability (Schein, 2010; Cameron & Quinn, 2011; Schneider et al.,2013). The ability of a leader to establish, alter, and manage company culture is considered their most significant job, according to Schein (1996), a pioneer

in the subject of cultural analysis. The care that a leader has for culture, according to Schein (1996), is what distinguishes it from management. The kind of behavior or style of leadership will have a direct impact on the climate and culture of the organization (Bass, 1985; Barker, 1990). To be a strong leader, one must be able to accurately evaluate the culture of the company and assist followers in doing the same. Many academics from different professions have determined that these occurrences are the main determinants that determine whether an organization succeeds or fails (Schein, 2010). It is acknowledged that the characteristics of leaders that are evident in contemporary business operations are one of the factors impacting the development of organizational culture (Luthans, 2005). Workplace culture can influence employee attitude as well as motivation, morale, benevolence, productivity, performance, and job quality, claim Campbell and Stonehouse (1999). Moreover, studies conducted on the cultures of high-achieving companies have demonstrated a favorable correlation between organizational culture and leadership style (Doris Xhelili, 2016). According to studies by Kotleer, (2012), organizational culture encourages workers to uphold the mission and basic values of their companies, which enhances organizational performance. The relationship between organizational culture and leadership style has been the subject of much prior research, which has acknowledged its major influence on organizational effectiveness. However, there remains a lack of comprehensive understanding of how leadership styles influence distinct cultural dimensions within diverse organizational context. Specifically, there is a need to delve deeper into how various leadership behaviors and traits contribute to the formation, evolution, and sustainability of organizational culture within banking institutions. Addressing this gap will provide valuable insights for leaders and managers aiming to foster an organizational culture that aligns with the strategic objectives and values of their organizations.

As a manifestation of culture in the organizations and its effect on the performance of the organization in Ethiopia for example, Amhara Credit and Savings Institution (ACSI), has cultivated a culture of community engagement and empowerment (Alemu & Asrat, 2019). ACSI's culture emphasizes trust, transparency, and inclusivity, reflected in its participatory decision-making processes and close ties with local communities. For instance, ACSI actively involves community members in the design and implementation of its financial products and services, tailoring them to meet the specific needs of different regions and demographics (Belay & Mengistu, 2017). This grassroots approach has fostered a strong sense of ownership among

clients and employees alike, leading to high levels of customer satisfaction and employee morale. According to BOA's internal portal report of the year 2021/22, performance evaluation of branches varies one from another. Noticing this variation, the researcher prompted to investigate how different leadership styles might influence the organizational culture within these branches. This project will contribute significantly in several ways. In terms of practice, it will provide actionable insights for leaders within the district to enhance their leadership strategies and improve organizational culture. Theoretically, it will expand the understanding of how different leadership styles specifically impact organizational culture in the banking sector.

1.3 Research Questions

The study has the following research questions:

- Which leadership style is dominant at BOA branches under West Addis District?
- What is the effect of leadership styles (Transformational, Transactional and Laissez-Faire) on organizational culture of BOA selected branches?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study is to examine the effect of leadership styles (transformational, transactional and laissez-faire) on the dimensions of organizational culture including involvement, consistency, adaptability and mission at BOA West Addis district.

1.4.2 Specific Objectives

- Identifying the dominant leadership style (Transformational, Transactional and Laissez-Faire) at BOA branches under West Addis District.
- Examining the impact of transformational leadership style on the identified dimensions of organizational culture.
- Examining the impact of transactional leadership style on the dimensions of organizational culture previously identified.
- Examining the impact of laissez-faire leadership style on the dimensions of organizational culture focusing on involvement, consistency, adaptability and mission.

1.5 Significance of the Study

Since the bank is having significant changes these days and According to the reports of variation in the performance of different branches in the organization, the significance of digging for meaning and coherence in its leadership practice is significant.

1.6 Limitations of the study

The study conducted at Bank of Abyssinia, West Addis district, has constraints, making it challenging to apply the findings to other bank districts. Additionally, the research overlooks other influencing factors like employee behavior and the political and economic landscape, which could impact leadership style and organizational culture. Finally the exclusion of non-managerial employees' perspective in the study may limit the generalizability and comprehensiveness of findings; this may potentially overlook valuable insights.

1.7 Scope of the Study

Conceptual scope: This research specifically focuses on effect of leadership styles on organizational culture of BOA West Addis District. It primarily focuses on the organizational culture (adapted from Denison's Model of Organizational Culture, which includes adaptability, mission, consistency, and involvement) as the dependent variable and the three leadership styles (transformational, transactional, and laissez-faire) as the independent variable.

Time Scope: the study is intended to cover views of current branch managers of BOA selected branches.

Geographical Scope: The study is limited only at Bank of Abyssinia, West Addis district.

Methodological Scope: The research approach used in the study is quantitative.

1.8 Operational definitions of terms

Leadership: leadership is the process by which one person persuades a group of people to pursue a single objective. (House, 2015).

Leadership style: leadership style is a type of approach and aptitude intended to achieve organizational goals and further impacts all organizational operations. (Stogdill, 1948). A person

who uses their tactics and power to persuade others to work with them on a task is exhibiting a leadership style, according to Fiedler (1969).

Culture: A group of people's taught ideas, values, customs, laws, conventions, symbols, and traditions are collectively referred to as their culture (House, 2015).

Organizational culture: The set of common behaviors, attitudes, and ideas that form within an organization and influence how its people behave is known as its organizational culture (Schermerhorn, Hunt, Osborn, Uhl-Bien, 2011).

1.9 Organization of the thesis

The research work comprises five chapters. The first chapter deals with the background of the study, the general and specific objectives of the study, research questions, significance, limitation and Scope of the study. The second chapter contained related literature that deals with concepts and theories of leadership and organizational culture. The third chapter includes the overall methods employed to conduct the study. The fourth and fifth chapter contains results and discussion, and summary and recommendations, respectively.

CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Introduction

The researcher seeks to highlight difficulties related to organizational culture and leadership styles in this chapter, which sheds light on the study's topic. This chapter reviewed the theoretical, empirical, and conceptual literature that was relevant to the goals of the research, as listed below..

2.2 Theoretical Review

2.2.1 The leadership Concept

The word "leadership" has very lately entered the English language. It has only been in use for around 200 years, even though the phrase from which it was derived first appears in A.D. 1300 (Stogdill, 1974). However, different authors define leadership in different ways, making it challenging to come up with a consensus definition of the term. In his book "The Experience Leadership," Richard L. Daft uses Justice Potter Stewart of the US Supreme Court to explain the difficulty in defining leadership, saying that although we may not be able to define it, "we know it when we see it." He also noted that People can clearly see leadership but many are having a hard time seeing it in current political, business, military, and even religious leaders (Daft, 2015).

According to Daft (2015), leadership is the influence relationship between a leader and followers who want genuine changes and results that represent their common goals. According to this definition, leadership entails group influence, intentions for change and desired results, common goals that spur others toward the intended results, significant change, followers guided by the leader, and individual responsibility for achieving the desired future.

By characterizing leadership as leaders persuading followers to take specific actions that reflect the beliefs and motivations, needs and desires, aspirations and expectations of both leaders and followers, Burns (1978) further supports the ridiculous description. The attributes that distinguish leaders from others are as varied as the methods to leadership.

2.2.2 Leadership Theories

Both the discipline and the function of leadership have evolved with time. This evolution is the product of humans' innate capacity for change, as well as that of their surroundings. It is generally accepted that groups led by individuals outperform those led by others. Leaders may consider who is the most appropriate to follow in a certain situation in addition to the extra advantages a follower gains from doing so. An outline of contemporary advancements and a chronology of leadership theory are presented in this section.

2.2.3 Great Man Theory

The great man theory states that a person can't be considered a leader unless they have a certain set of innate traits. This idea holds that a leader's ability to lead comes naturally. The cornerstone of leadership is thought to be the Great Men Theory. The great men theory was developed by historian Thomas Carlyle (Allio, 2013). The term "great man" was used since, at the time, leadership was primarily viewed as a masculine quality, especially in the military (Rose A., Gloria S. Ololube, 2015). Carlyle recognized outstanding leaders in a range of industries, including politics, religion, and state administration. Winston Churchill, Napoleon, Jesus Christ, Prophet Muhammad, Fatih Sultan Mehmed, and Alexander the Great are examples of great men.

Although large men who direct life's events are regarded as leaders, great men differ from regular individuals in a unique way due to a certain set of traits (Carlyle, 1841). Its basic tenet was that, in every culture at all, a very small number of exceptionally rare individuals had the unique characteristics required to express or influence history. This theory is practically unchallengeable, therefore while it might work well for case studies, it cannot be applied as a scientific theory (Van Wart, 2003).

2.2.4 Trait Theory

The attribute hypothesis, which has some connection to the idea of the great man, operates under the premise that individuals are born with specific traits or qualities that qualify them to be leaders. Emphasizes a leader's character attributes; hence, the method argues that having traits like drive, insight, and foresight is necessary for a leader to succeed. The method gives equal weight to identifying certain physical characteristics including height, attractiveness, and energy level. According to Christiana (2012), intelligent people and personality traits like dominance,

extroversion, and accomplishments were also characteristics of effective leaders. The hypothesis holds that tall men are distinct from other people in terms of their anatomy, psychology, and personality. As a result, not everyone can or should aspire to be a leader because it is thought that leadership is a gift from God (Spector, 2016).

Subsequent advances in trait research led to a change in emphasis from general personality traits to specialized qualities that are directly linked to the kinds of actions necessary for good leadership in a certain circumstance. Because of this, contemporary research now focuses on more intricate patterns of leader traits like flexibility, charisma, or social intelligence rather than a single, one-dimensional personality trait (Christiana, 2012).

2.2.5 Behavioral Theories

This idea concentrates on the behavior of leaders and assumes that other leaders can imitate comparable characteristics. It is also known as the "style theory" and contends that teachable conduct can produce leaders rather than them being born. Behavioral theories of leadership place a great weight on a leader's actions. This point of view holds that observing a leader in action is the greatest way to gauge their effectiveness. Behavioral learning theory places more emphasis on behaviors than on attributes. This approach classifies and identifies behavioral tendencies as leadership styles. Task-oriented leadership, people-oriented leadership, status quo leadership, country club leadership, autocratic leadership, and other types are examples of leadership approaches. Finally this theory defines success in terms of a leader's real behaviors (Bolden et al., 2003).

2.2.6 Contingency/Situational Theories

Situational theory holds that there is no one ideal way to lead since a leader must adapt to both internal and external environmental factors. According to House and Aditya (1997), it has not been properly and consistently identified what the optimum leadership style is. Put another way, it doesn't seem as though there is a single ideal leadership approach that is appropriate for every situation. Critics contend that different leadership philosophies work better in different contexts (Jung & Avolio, 1999). This undoubtedly had an impact on the paradigm shift towards contingency leadership theory. Rather of always employing the same style of leadership, the

contingency leadership theory advises utilizing the one that best suits the circumstances (Jung & Avolio, 1999).

2.2.7 The Full Range Leadership Theory

According to Bass and Avolio's 1994 idea of Full Range Leadership, leaders should use a range of actions to influence their subordinates. This leadership model integrated three distinct leadership philosophies: transactional leadership, laissez-faire leadership, and transformational leadership. As on Bodla and Nawaz's (2010) thesis, certain leaders are categorized as transactional leaders due to their implementation of a task-reward system, whilst others are deemed transformational leaders due to their ability to inspire their followers through charisma. The third type would be laissez-faire leadership, which stays out of the way. One of the most extensively studied theories of leadership in the modern era, the Full Range Leadership theory acknowledges that a leader is likely to employ a wide range of leadership styles in real-world situations (Kirkbride, 2006). Leadership styles would be measured and assessed using the MLQ. According to Hughes et al. (2022), the MLQ facilitates the assessment of a leader's performance level and whether they exhibited transformational or transactional leadership styles. Five transformational leadership aspects, three transactional leadership components, and one non-transactional laissez-faire leadership are all included.

2.2.7.1 Transformational Leadership

According to Bass (1999), transformational leadership involves a leader encouraging followers to pursue objectives that go beyond their immediate self-interests by using his idealized influence, inspiring motivation, provoking thought, and demonstrating personalized consideration. By making their followers aware of the importance and value of their job, transformational leaders, according to Yukl (2008), inspire their followers to prioritize the demands of the organization over their own. Transformational leaders not only create tremendous learning opportunities by empowering followers to overcome obstacles, but they also possess excellent visioning and management abilities. They also help their followers form strong emotional ties.

Transformational leaders prioritize the development of their followers by motivating, inspiring, fostering teamwork, and rewarding positive actions. A leader of this type often gains the total

faith and confidence of their staff (Bass et al., 2003). It also sought to alter people's hearts and minds broaden their perspectives, knowledge, and vision; define their objectives; align their actions with their values, principles, or beliefs; and effect long-lasting, self-sustaining, and momentum-building changes (Bass, 1997). The five factors of transformational leadership as explained by Bass et al. (2003) and Trottier et al. (2008) are presented below:

- I. Inspirational Motivation:** When a leader demonstrates high levels of inspiring motivating behaviors, they can encourage and inspire their followers with the spoken word, which is a strong tool. They formulate and make clear the standards for their followers' performance. They "raise the bar" for their organization by doing this, setting new standards and goals for the labor of its adherents. They encourage adherence to the goals and the shared vision by including followers in defining the ideal state of affairs for the future.
- II. Individualized Consideration:** centered on the development of their followers when assessing a leader's character. Personalized attention includes a variety of activities, including coaching, mentoring, and teaching, and it directly attends to the requirements of followers. The leaders are mentors and coaches. It is usual to have two-way conversations and to welcome different points of view. The needs and desires of every individual are honored. Additionally, they give different assignments to help with follower skills development.
- III. Intellectual Stimulation:** Through intellectual stimulation, leaders challenge followers' presumptions, practices, and paradigms, compelling followers to reconsider their solutions and devise novel approaches to problems. These leaders include those who help them in all decision-making processes. They promote taking some calculated risks, enabling subordinates to test ideas, and resolving disappointment when something doesn't work. If a leader cannot accept that they will make mistakes from time to time, their followers will not be willing to take chances.
- IV. Idealized Influence (behavior):** a manner of leading that makes people recognize leaders and want to follow in their footsteps. These commonplace behaviors show the efficacy of transformational leadership, which is generally acknowledged to have a positive effect on workers' views on their jobs (Judge & Piccolo, 2004).

- V. **Idealized Influence (Attributes):** happen when followers identify with and follow trusted leaders who are perceived as having a realistic mission and vision.

2.2.7.2 Transactional Leadership

Transactional leadership is not as focused on the personal development of followers as transformational leadership is. It also does not individualize the needs of followers. Transactional leaders exchange valuables with their followers in order to further both their own goals and those of their followers (Kuhnert, 1994). Transactional leaders are effective because following their wishes is in the followers' best interests (Kuhnert & Lewis, 1987).

According to Bass (2004), transactional leadership may be defined and measured by three factors: management by exception active for poor performance, management by exception passive for excellent performance, and contingent rewards for good performance.

Contingent rewards: The initial component of transactional leadership is the leader's ability to establish an exchange process between themselves and their followers, wherein followers' efforts are reciprocated with predetermined incentives. By using this style of leadership, the leader seeks to get followers' agreement on what needs to be done and what the rewards would be for those who complete the task (House, 2015). Notgrass (2014) asserts that contingent rewards—a leader's way of elucidating or encouraging accomplishment behaviors—work best when followers perceive a strong bond with their leader.

Management by Exception: the kind of leadership that incorporates negative evaluations, unpleasant reinforcement, and constructive criticism. Active and passive management by exception are the two categories. When a leader actively employs management-by-exception, they closely monitor their subordinates for mistakes or rule violations before taking appropriate action. A passive leader can only intervene when problems arise when expectations are not met (House, 2015).

2.2.7.3 Laissez-faire leadership

A laissez-faire leader takes a non-transactional (hands-off, let things ride) approach, to use the French phrase. This leader does not take responsibility seriously, makes poor decisions, provides little feedback, and shows little interest in helping followers fulfill their needs.

No attempt is made to further the development of followers or to engage with them. Non-leadership factors is another term used to describe this type of leadership (House, 2015). Northouse claims that laissez-faire leadership has historically been seen unfavorably. But according to new research (Yang, 2015), laissez-faire leadership may actually be a strategic behavioral decision made by the leader to respect and acknowledge followers' abilities, lessen followers' reliance, and boost followers' autonomy, self-determination, and self-competence. In this case, a leader would be deliberately demonstrating laissez-faire leadership by letting followers take the lead. Remarkably, research indicates that leaders might be most successful when they combine the traits of transformational leadership with transactional and laissez-faire leadership (Antonakis & House, 2014).

2.2.8 Organizational Culture

2.2.8.1 The concept of culture

The definition of "culture" has been disputed by sociologists, anthropologists, and numerous other specialists. It is difficult to define since it is an illusive idea with conflicting interpretations. For the purposes of this discussion, culture is defined as the set of ingrained customs, symbols, norms, and ideas held by individuals (House, 2015). Schein (2004) described a group's culture as the common presumptions that the group acquired while resolving issues with both internal and external integration. New members are taught these common basic assumptions as the correct way to see, think, and feel about those difficulties since they have been shown to be effective enough to be acknowledged as true.

Conversely, an organization's culture is a set of core principles, norms, and values shared by all of its constituents and presented as true to outsiders. Norms are the actions that members of a group of people consider appropriate and desirable. A company's culture is ideally defined as a collection of common presumptions and attitudes about appropriate behavior (Daft, 2015). Daft divided corporate culture into three categories: visible artifacts, which are things that can be seen and heard by the general public and include things like dress codes, behavioral patterns, tangible symbols, organizational rituals, and office layouts, comprise the first level of the culture. The proclaimed values and ideas, which are not visible but can be inferred from the way people defend and explain their actions, make up the second, deeper layers of culture. Members of the organization intentionally uphold these principles. The third level is so ingrained in an

organization's culture that its members could not even be aware of it. The fundamental beliefs that underpin the culture are these.

2.2.8.2 The Importance of Culture in organization

One of the main elements that could have an impact on the company's destiny is its organizational culture. It creates an environment where every worker aspires to fulfill the organization's set objectives (Jim Griesmer 2000). Employees who work for a company with a strong and well-organized culture will feel involved in the company because they will feel that they are part of the process and can respond to changes in the business environment.

When talking about the roles that organizational culture plays in a company, the two viewpoints presented by E. C. Martins and F. Terblanche (2003)—the roles of organizational culture and the impact that organizational culture has on the various processes within the company—are usually the best places to start.

Organizational culture often serves two purposes: first, it fosters employee identification and loyalty to the company; second, it creates a competitive edge to assist members, particularly new ones, in understanding social system stability and appropriate behavior (Martins, 2000). Management may use company culture as a surveillance tool. A select few rituals, tales, pictures, and universal ideals can be used by managers to keep an eye on and guide staff conduct. In the long run, this form of control might prove to be less costly and encourage adherence to the organization's goals.

In general, leaders shouldn't undervalue the importance of organizational culture because it can be used as a competitive advantage as the organization grows and because a strong culture can offer a number of advantages, such as cooperation, control, dedication, and a host of other terms that can be used to describe how people work together. Organizational culture can be continuously measured through cultural themes, and due to a number of recent developments, organizational culture is becoming more and more significant.

2.2.8.3 Leadership and the Organizational Culture

Employees of the organization can aspire to be like an influential leader. Eventually, the imitation turns into a lifelong habit. The more employees try to imitate the leader, the more the

organizational culture shifts. When seen in this context, a strong leader has the greatest impact on the formation of an organizational culture.

The leader affects the culture, values, policies, and philosophy of the organization, but the organization also has an impact on the leader's choices, drive, and conduct. Thus, the leadership style is influenced by the organization's ideology, strategy, and policies. There are reciprocal exchanges between the leader and the organization. In the same way that the leader influences the organizational culture, the organizational culture influences the leader.

When the relationship between the leader and the culture is viewed in this way as the two sides of a coin, we can conclude that one element cannot be understood if the other does not exist (Schein, 2010). If an organization's culture is "wrong" and is disrupted by numerous paradoxes, it can become a liability. On the other hand, a strong organizational culture can increase an organization's adaptability and fit with its environment, which can be a strategic asset (Liviu Warter, 2019).

2.2.8.4 Organizational Culture Denison's Model

Dr. Daniel Denison teaches organizational behavior at the University of Michigan Business School. More than 20 years of research linking culture to important performance metrics including profitability, growth, quality, innovation, and employee and customer satisfaction form the foundation of the Denison model and research. His work on the relationship between organizational culture and effectiveness and financial performance is based on behavioral principles, was developed and designed in a business setting, discusses business-level issues using business terminology, can be quickly and easily implemented, and is relevant to all organizational levels. Denison's organizational culture model is based on the cultural traits of engagement, consistency, flexibility, and mission. According to research, each of these traits affects how well an organization performs (Denison, 2006).

Adaptability: The distinguishing factor between high-performing and low-performing firms is their capacity to identify and address changes in the competitive landscape and consumer needs. In order to facilitate their adaptability, they also rethink the practices and habits. High-performing firms also embrace fresh concepts and creative solutions. Additionally, staff

members are constantly searching for fresh approaches to satisfy customers. It is advised to take calculated risks because companies can learn from both their achievements and mistakes.

Mission: A clear mission statement that informs employees of the purpose of their work and how it advances the company's goals is a hallmark of successful firms. The core of strategic direction and purpose are multi-year plans and high-priority lists. Organizations that are successful have short-term goals and objectives. Specific goals are also defined to assist staff in understanding how their daily responsibilities fit into the organization's overarching vision. A company's vision is the primary reason it exists and is competitive in a given industry.

Consistency: Being consistent is the foundation for controlling, integrating, and coordinating. It also helps firms develop a set of guidelines that create an internal governance framework built on mutual support. Successful firms have a defined set of values to guide management and staff in making consistent decisions. The participants honestly address difficult topics and misconceptions in an effort to reach a consensus. Every person working for these companies is aware of the impact both their employment and their work have on other people. Workers are always making sure that their work aligns with the organization's aims and objectives.

Involvement: High-involvement organizations differentiate themselves from competitors by promoting accountability. This in particular encourages a deeper dedication to autonomy and the organization. These organizations' staff members are aware of the decisions that fall within and outside of their purview. Put differently, workers are granted the power to decide based on information. Collaborative work is promoted, and staff members support one another in achieving their career goals. Finally, but just as importantly, high-involvement companies boost employee capability through coaching and training.

2.3 Empirical Review

Alsaqqa and Akyürek did a study in the Gaza Strip of Palestine in 2021 wherein they critically assessed the role of organizational culture types and their correlations with leadership styles. A cross-sectional descriptive study was carried out by the researcher with 400 participants from three governmental and two non-governmental hospitals between June and December 2018. All categories of hospital staff, including physicians, nurses, paramedics, and administrators, were included in the target group. The organizational culture assessment inventory and the multifactor

leadership questionnaire were utilized in the study to ascertain the organizational culture profile created by Cameron and Quinn and to measure the leadership style as reported by Bass. The study discovers that transactional leadership and transformational leadership styles are both substantially associated to organizational culture, with the exception of the laissez-faire leadership style, which is not statistically correlated with any type of culture (Alsaqqa and Akyürek, 2021).

Dariusz et al. (2014) investigated the impact of leadership styles on corporate culture by testing a model. Ninety-three employees from different work divisions at Mapsa Company answered a questionnaire in a quantitative survey conducted in October 2012. The instruments for collecting data were the multifactor leadership questionnaire and the Denison organizational culture survey. Results from structural equation modeling (SEM) suggested that corporate culture could benefit from both transactional and transformational leadership philosophies. On the other hand, a laissez-faire leadership style negatively affects corporate culture since it results in a lack of purposeful communication between the leader and the workforce and a leader who avoids taking initiative. Their behaviors consequently have a detrimental and less obvious effect on company culture. They also concluded that in order to balance each of the four organizational culture traits of the Denison model, a transformational leadership style is recommended.

Mebratu (2021) conducted research at St. Mary's University and discovered that organizational culture was moderately impacted by leadership style. Using both descriptive and explanatory research methods, he discovered that transformational leadership had a more modest effect on organizational culture than transactional and laissez-faire leadership.

Achievement-oriented and directed leadership behavior has a favorable and significant impact on organizational culture, according to Yidnekachew's (2021) research on the relationship between leadership behaviors and organizational culture. In analyzing the connection between organizational culture and leadership, Hanna (2021) also emphasizes the need for more research on the role that organizational leadership style has in forming organizational culture.

Kishenjeet and Dhillon (2022) share the need for hybrid leadership, which goes beyond the full range leadership theory and the multifactor leadership questionnaire. This reexamination is required since the full range leadership paradigm leaves out significant management-beneficial

leadership philosophies. Certain leadership philosophies, including authoritarian and democratic leadership, may be more recognizable to managers. Another reason is that there is still a compelling case to be made for the impracticality of a purely certain type of leadership, such as transactional or transformational leadership, given how quickly the corporate environment is changing. It may be necessary for leaders to exhibit both leadership styles in action as well as a simultaneous combination style in order to handle the challenges of the twenty-first century. The concept of hybrid leadership ought to be taken into consideration as the next step in order to address the shortcomings in both the MLQ and the full range leadership paradigm.

2.4 Conceptual Framework

Laissez-faire, transactional, and transformational leadership philosophies are the independent factors. Organizational culture is the dependent variable, and its primary indicators are involvement, mission, consistency, and flexibility. Therefore, the conceptual framework for the study that will be conducted is defined below, taking into account the organizational culture and leadership styles covered in the literature review.

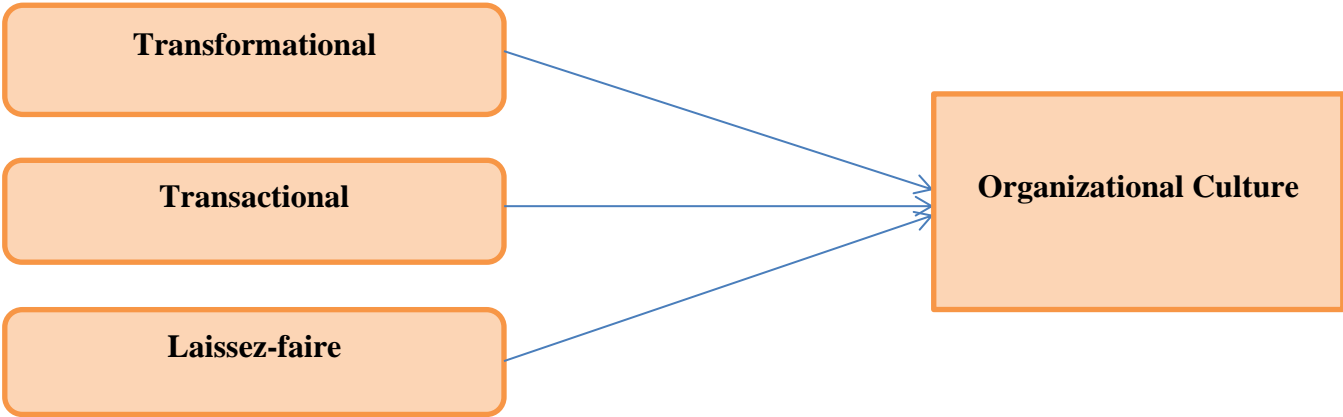


Figure 1 Conceptual framework based on literature review

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter will delve into methodological considerations which are research design, methods, data sources, and tools for data collection, population and sampling design, investigative and analytical approaches, validity of the instrument, and ethical considerations.

3.2 Research Design

The study employed both descriptive and explanatory research designs. Descriptive research used to elucidate specific opinions and ideas, examining relationships and variations in key variables within a large sample of the population. For instance, the researcher described the prevalent leadership styles and gather demographic information from respondents. Conversely, explanatory research, also known as causal research design, will seek to uncover causal relationships among dependent and independent variables, such as leadership styles and organizational culture at BOA west Addis district. By exploring the causal links between these variables, the study addresses "causes-and-effects" problems.

3.3 Research Approach

A quantitative approach adopted to elucidate phenomena by collecting numerical data and analyzing those using mathematically-based methods. This approach is deemed effective in addressing the research questions posed in this study.

3.4 Data Sources and Types

Primary and secondary data are utilized to capture a comprehensive understanding of leadership practices at BOA west Addis district and their impact on organizational culture. Primary data gathered using the questionnaire distributed among BOA staff at the West Addis District, while secondary data includes relevant organizational journal articles, books, and institutional profiles.

3.4.1 Data Collection Methods

Data collection was through Multifactor Leadership Questionnaire (MLQ) developed by Bruce J. Avolio. The questionnaires distributed to selected branches, focusing on demographic information, leadership styles, and organizational culture and comprise closed-ended questions with Likert scale to gauge respondents' preferences.

3.5 Target Population

The population encompasses all clerical and managerial staff of BOA under the West Addis District. This selection aligns with the study's focus on understanding leadership styles and organizational culture within the district.

3.5.1 Sample Size and Technique

To figure out the link between leadership style and organizational culture in BOA branch managers role is the first and major target in this study. In order to get the relevant information, the unity of study is in the city area located branches. The samples of the study are all management teams in BOA selected branches since they possess a strategic overview and understandings of the organization. Managers typically have insights into decision-making process, organizational goals, and the impact of policies, which are crucial for obtaining informed and relevant data. Their experience and knowledge allow them to provide valuable perspectives on operational efficiency, organizational culture and strategic initiatives, ensuring the information gathered is both comprehensive and applicable to higher-level analysis. Under the West Addis District there are 94 branches administered. From this 75 branches are in the city and the rest 19 are outlying branches. The researcher discussion and follow up only in the city branches.

The purposive sampling technique was employed for selecting a sample from the available population to include all the participants (branch manager and its sub division, Business and operation) in the study without categorizing them. Purposive sampling is a non-probability sampling technique based on targeting specific groups of interest. That means the selected branches are 75 (only city branch), (75*3) (manager, business and operation) are managerial level totally 225 by using purposive (judgmental) sampling methods.

3.6 Method of Data Analysis

Data analysis involved both descriptive and inferential methods using Statistical Package for Social Sciences (SPSS) version-25. Descriptive analysis presented numerical data, while inferential analysis explored relationships between variables, employing correlation and regression analyses to quantify and assess these relationships.

3.7 Validity and reliability

Validity involves the degree to which the study measuring what it is supposed to measure. More simply, it focuses on the accuracy of the measurement (Nadler, (2015). all measures going to be used to construct the instruments are expected to be acceptable in the study. Organizational culture assessments measurements are adopted from various scholars on their study in the questionnaire was prepared using a five point-Likert scale except the demographic parts. Maximum effort would be exerted to create link between the items in the questionnaire and the objectives of the study. Thus, in order to ensure content validity of the items the advisor and the colleagues' comment on it before distributing it. Finally made an adjustment of questionnaires depends on the pilot test time forwarded comments before distributed for full sample respondents.

The advantageous side of the Likert Scale is that they are the most universal method for survey collection, therefore they are easily understood. The responses are easily quantifiable and subjective to the computation of some mathematical analysis. Since it does not require the participant to provide a simple and concrete yes or no answer, it does not force the participant to take a stand on a particular topic, but allows them to respond in a degree of agreement; this makes question answering easier on the respondent. Also, the responses presented accommodate the neutral or undecided feelings of participants. These responses are very easy to code when accumulating data since a single number represents the participants' responses. Likert surveys are also quick, efficient, and inexpensive methods for data collection Nadler, (2015) cited (Likert, 1932).

To ensure whether the questionnaire is appropriate and if the statement is generally understandable 4 variable items are analyzed using Cronbach's Alpha test its value was calculated for this questionnaire and according to the result, it was equal to .750 (75%) which is under a very good category (Over the recommended take point of .60). . Cronbach's alpha a

coefficient of 0.70 or above is considered very good; between 0.6 and 0.75, it is considered good; and between 0.4 and 0.6, it is regarded as fair (Streiner, 2003)

Table 3.1 Reliability Cronbach's alpha coefficient value

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.750	.782	4

3.8 Ethical Considerations

Ethical considerations are paramount in conducting research involving human participants. In this study, informed consent has been obtained from all participants before data collection, ensuring that they understand the purpose of the study, their rights as participants, and how their data will be used. Confidentiality and anonymity of participants was maintained throughout the study, and any potential risks to participants have been minimized.

CHAPTER FOUR

4. DATA ANALYSIS AND RESULT

4.1 Introduction

This chapter covers the presentation, analysis, and interpretation of the collected questionnaire from a primary source. From all 225-questionnaire distributed totally 198 questionnaires were collected from branches managers, business and operation which accounts 88% under the west Addis District.

Through the questionnaire, the relevant information is gained for the practical situation and its challenges by choosing determinant factors for its organizational culture that is (Transformational, Transactional, and Laissez-Faire). Hence, the research result that is collected from the respondent was analyzed using descriptive analysis method that constitutes the main finding of the study. All the questions are coded and entered into SPSS Version 25 and using the data what implications are there is explained.

4.2 Demographic Profile of the respondents

The respondents' background information is presented below as shown in table 4.1. In this category Gender, Age, Educational Level, and Experience of the employee are depicted. This shows the respondents selected for this study are capable concerning experience, education, and age.

Table 4.1 Demographic Profile of the respondents

Description		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	102	51.5	51.5	51.5
	Female	96	48.5	48.5	100
	Total	198	100	100	
Age	18-25	41	20.7	20.7	20.7
	26-33	65	32.8	32.8	53.5
	34-40	83	41.9	41.9	95.5
	41-50	9	4.5	4.5	100
	Total	198	100	100	

Education level	Degree	131	66.2	66.2	66.2
	Masters	67	33.8	33.8	100
	Total	198	100	100	
Experience	1-3 Years	8	4	4	4
	4-6 Years	103	52	52	56.1
	7-10 Years	82	41.4	41.4	97.5
	Above 10 years	5	2.5	2.5	100
	Total	198	100	100	

Source: Own Survey Result, 2024

As shown in the above table, the first question shows the gender of respondents who participated in the study. The purpose was to find out the number of males and females who participated in the study with their responses towards the effect of Leadership style on organizational Culture majority of the respondents in this question were male 102(51.5%) and the remaining females 96(48.5%). According to the result, there is a slight number difference between male and female managers in the district even though the composition is more dominated by male respondents, females' contribution is also important in creating a favorable organizational culture.

Second, this question indicates the age distribution of respondents. The purpose was to find out the average age of the employees who are actively involved in leading and are directly responsible for regulating the activity. When we realize the age group of respondents which is 41(20.7%) of them were under the category of 18 up to 25 years. Next, of which 65(32.8%) are from 26-33 years and 83(41.9%) are between 34 up to 40 the remaining consists of 9 (4.5%) are from 41 and 50. From this data, we can conclude that BOA has a powerful workforce that can serve the bank in a fully responsible manner for a long period in a leadership position as far as culture is concerned.

Third, in the educational background of the respondents about 131(66.2%) of them are with a bachelor's degree holder the remaining 67(33.8%) are at the Master's level. This indicates that

the Branch Managers are more educated and trained with better-qualified to manage the overall-banking activity to the expected level.

Finally, the question focuses on the experience level of the management bodies. The objective was to determine how long and consistent employees have worked in the banking industry and the relationship of experience with a leading role. As shown in above table 4.1 the responses from the questions indicate 8(4%) of them are between 1-3 years, 81(41%) have an experience between 4-6 Years of service and 82(41.4%) have 7-10 years. The remaining 5(2.5%) are above ten years. this indicates that the majority of the respondents are well-experienced in the banking industry from all compositions.

4.3 Descriptive analysis of data related to leadership styles

Descriptive statistics are used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. The principal objective of descriptive statistics is to accurately describe distributions of certain variables within a specific data set (Marczyk, DeMatteo, and Festinger, 2005).

4.3.1 Analysis towards Transformational Leadership

Table 4.2 Perception of Respondents on Transformational leadership

	Transformational Leadership	N	Mean	Std. Deviation
Individualized consideration	The organization managers allow customers and employee to be a part of decision-making process.	198	3.394	1.455
	The managers make frequent and supportive communication	198	3.515	1.445
	Treats me as an individual rather than just as a member of the group.	198	3.636	1.317
Idealized influence (Behavioral)	Considers the moral and ethical consequences of decisions	198	3.717	1.291

	The company is keen to hold regular meetings with departments managers and customers to coordinate the work	198	3.556	1.353
Intellectual stimulation	The managers help the organization community to find their passion	198	3.803	1.335
Intellectual motivation	Communicates about the future optimistically	198	3.621	1.383
	Emphasizes the importance of having a collective sense of mission	198	3.707	1.186
Idealized influence (Attributed)	Feels pride in me for being associated with him/her	198	3.606	1.413
	Valid N (listwise)	198		
Grand Mean			3.617	

Source: Own Survey Result, 2024

The transformational leadership style shows moderate to high mean values across its dimensions, with the highest mean observed for Intellectual Stimulation and the lowest for Individualized Consideration. The grand mean for this leadership style is 3.617, indicating an overall strong presence of transformational leadership traits among the respondents.

4.3.2 Analysis towards Transactional Leadership

Table 4.3 Perception of Respondents on Transactional leadership

	Transactional Leadership	N	Mean	Std. Deviation
Contingent Reward	Expresses satisfaction when I meet expectations	198	4.000	1.337
	Provides me with assistance in exchange for my efforts	198	3.869	1.024
management by Exception (Passive)	Waits for things to go wrong before taking action	198	4.000	0.992
	I feel insecure about their work and need direction	198	3.646	1.289
Management by Exception (Active)	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	198	3.677	1.312
	Valid N (listwise)	198		
Grand Mean			3.838	

Source: Own Survey Result, 2024

Transactional leadership scores higher overall than transformational leadership, with a grand mean of 3.838. The highest mean for Contingent Reward indicates strong use of rewards to influence behavior. Management by Exception (Passive) has the second highest mean suggesting that leaders tend to intervene when standards are not met.

4.3.3 Analysis towards Laissez-faire Leadership

Table 4.4 Perception of Respondents on Laissez-faire leadership

	Laissez-faire Leadership	N	Mean	Std. Deviation
Nonintervention and Minimal Involvement	In complex situations, the managers allows employee to work problems out on my own	198	3.904	1.035
	As a rule, leaders should allow	198	3.924	1.217

	employee to appraise their own work			
	Avoids getting involved when important issues arise	198	4.000	1.263
	Delays responding to urgent questions	198	4.015	1.078
	Valid N (listwise)	198		
Grand Mean			3.961	

Source: Own Survey Result, 2024

The laissez-faire leadership style has the highest grand mean (3.960), indicating a predominant tendency towards minimal involvement and a hands-off approach by leaders. The standard deviation is the lowest among the leadership styles, suggesting less variability in how this style is perceived or practiced.

4.4 Descriptive Analysis of Data Related to Organization Culture Traits

The organizational culture model of Denison is based on four cultural traits: involvement, consistency, adaptability and mission. (Denison, 2006).

4.4.1 Analysis towards Involvement Cultural Traits

Table 4.5 Perception of Respondents on Involvement Culture Traits

Indices	Involvement	N	Mean	Std. Deviation
Empowerment	Everyone believes that he or she can have a positive impact	198	3.889	1.266
	Information is widely shared so that everyone can get the information when it's needed	198	4.131	0.941
Team Orientation	Cooperation across different parts of the organization is actively	198	3.758	1.251

	encouraged			
	Team work is used to get work done, rather than hierarchy.	198	3.828	1.167
Capacity Development	There is continuous investment in the skills of employees	198	3.697	1.306
	Valid N (listwise)	198		
Grand Mean			3.861	

Source: Own Survey Result, 2024

In the involvement cultural traits the study result showed that Empowerment indices had the higher mean score than capacity development and teamwork. Thus, this indicates that there is a strong belief that respondents think he or she can have positive impacts and there is strong information sharing culture.

4.4.2 Analysis to wards Consistency Cultural Traits

Table 4.6 Perception of Respondents on Consistency Culture Traits

Indices	Consistency	N	Mean	Std. Deviation
Core Values	There is a clear and consistent set of values that governs the way we do things	198	4.136	1.107
	There is an ethical code that guides our behavior and tells us right from wrong	198	3.687	1.231
Agreement	When disagreements occur, we work hard to achieve "win-win" solutions	198	3.818	1.098
	It is easy to reach consensus, even on difficult issues	198	4.000	1.135

Coordination and Integration	Our approach to doing business is very consistent and predictable	198	3.980	1.153
	People from different parts of the organization share a common perspective	198	3.566	1.461
	Valid N (listwise)	198		
Geand Mean			3.864	

Source: Own Survey Result, 2024

As shown in the table above respondent's perception implies that approaches to do things in the organization is very consistent and predictable; Also it indicates that there is a clear and consistent set of rules that governs the way to do things; people from different parts of the organization share a common perspective.

4.4.3 Analysis towards Adaptability Cultural Traits

Table 4.7 Perception of Respondents on Adaptability Culture Traits

Indices	Adaptability	N	Mean	Std. Deviation
Creating Change	The way things are done is very flexible and easy to change	198	4.126	.939
	Different parts of the organization often cooperate to create change	198	3.813	1.271
Customer Focus	Customer comments and recommendations often lead to changes	198	4.121	1.102
	All members have a deep understanding of customer wants and needs	198	3.944	1.038
Organizational Learning	We view failure as an opportunity for learning and improvement	198	3.646	1.343

	We make certain that everyone is informed about what is going on across the organization	198	3.465	1.448
Grand Mean	Valid N (listwise)	198		
			3.853	

Source: Own Survey Result, 2024

According to the respondents perception the above table that creating change and customer focus mean scores are higher than organizational learning. Hence this implies that the way things are done is very flexible and easy to change. An employee of the organization view failure as an opportunity for learning and improvement. Additionally customer comments and recommendations are valuable in the organizational change.

4.4.4 Analysis to wards Mission Cultural Traits

Table 4.8 Perception of Respondents Mission Culture Traits

Indices	Mission	N	Mean	Std. Deviation
Strategic Direction and Intent	There is a clear strategy for the future	198	4.015	1.264
	There is a clear mission that gives meaning and direction to our work	198	3.843	1.136
Goals and Objectives	Leaders set goals that are ambitious, but realistic	198	4.035	1.185
	The leadership has clearly stated the objectives we are trying to meet	198	3.798	1.144
Vision	We have a shared vision of what the organization will be like in the future	198	3.758	1.154
	Our vision creates excitement and motivation for our employees	198	3.970	1.162

	Valid N (listwise)	198		
Grand Mean			3.903	

In related to mission cultural traits the above table shows employee generally perceive their organization’s mission culture traits positively, with a slightly stronger agreement on leadership setting ambitious but realistic goals and clarity of the strategy for future.

4.4 Normality test

Normality is the degree to which the distribution of the sample data corresponds to the normal distribution. Normal distribution is purely theoretical continuous probability distribution in which the horizontal axis represents all possible values of the variable and the vertical axis represents the probability of those occur rings. Basically, we can compare our distribution to a normal distribution to check if there are any differences, and we can search for normalcy at values that quantify skewness and kurtosis. According to Hair et al. (2010), kurtosis refers to how picky or flat the distribution is in relation to the normal distribution, whereas skewness evaluates the distribution's symmetry.

Table 4.9 Normality of distribution using descriptive statistics (Skewness and Kurtosis)

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Transformational	198	-1.160	.173	2.059	.344
Transactional	198	-.667	.173	-.019	.344
Laissez-faire	198	-.870	.173	-.210	.344
Organizational Culture	198	-1.770	.173	5.592	.344
Valid N (listwise)	198				

Source: Own Survey Result, 2024

The data indicates a general tendency towards higher scores for all the measured variables, particularly for transformational leadership and organizational culture, which exhibit significant negative skewness and high kurtosis. This suggests that respondents generally view these leadership styles and the organizational culture positively, but there is also a considerable spread

in the data, particularly for organizational culture, indicating diverse perceptions among respondents.

4.5 Correlation Analysis

In identifying the strength between variables and its direction Correlation coefficients describe the strength and direction of an association between variables. A Pearson correlation is a measure of a linear association between variables. Hence, the Correlation analysis is done to examine this relationship. The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. ‘Both correlation coefficients are scaled such that they range from -1 to $+1$, where 0 indicates that there is no linear or monotonic association, and the relationship gets stronger and ultimately approaches a straight line (Pearson correlation) or a constantly increasing or decreasing curve (Spearman correlation) as the coefficient approaches an absolute value of 1 . (Patrick Schober and Christa Boer, 2018).

The table below shows correlation coefficients and their level of strength

Table4.10: Strength of the correlation coefficient

Correlation Coefficient(r)	Strength of the Correlation
From +0.10 up to+ 0.29	Weak association
From+ 0.30 up to+ 0.49	Moderate association
From +0.50 up to+0.69	Strong association
From+ 0.70 and above	Very strong association

The main goal of performing an analysis using Pearson correlation is to ascertain the degree of association between the level of correlation among the independent variables and the dependent variable. As a result, the following summary of correlation, for the dependent and independent variables have been constructed.

Table4.11 Correlations Analysis

	Transformational Leadership	Transactional Leadership	Laissez-Faire Leadership	Organization al Culture

Transformational Leadership	Pearson Correlation	1	.440**	.367**	.379**
	Sig. (2-tailed)		.000	.000	.000
	N	198	198	198	198
Transactional Leadership	Pearson Correlation	.440**	1	.329**	.327**
	Sig. (2-tailed)	.000		.000	.000
	N	198	198	198	198
Laissez-Faire Leadership	Pearson Correlation	.367**	.329**	1	.998**
	Sig. (2-tailed)	.000	.000		.000
	N	198	198	198	198
Organizational Culture	Pearson Correlation	.379**	.327**	.998**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	198	198	198	198
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Own Survey Result, 2024

The above Pearson correlation table enable as to conclude that there is positive and significant relationship between independent variables leadership styles (transformational leadership style, transactional leadership style and laissez-faire leadership style) and the dependent variable (organizational culture). As shown in the above table, there is a moderate positive relationship between transformational leadership style and organizational culture with a correlation value $r = .379$ and $p < 0.05$. There is also moderate and positive relationship between transactional leadership style and organizational culture with correlation value $r = .327$ and $p < 0.05$. The relationship between laissez-faire leadership style and organization culture of shows a very strong positive relationship with value $r = .998$ and $p \leq 0.05$.

The independent variables (transformational, transactional, and laissez-faire) leadership styles also positively and significantly correlated each other at moderate correlation level (transformational to transactional $r = .440$, $p \leq 0.05$, transformational to laissez-faire leadership style $r = 0.367$, $p \leq 0.05$, laissez-faire to transactional $r = .329$, $p \leq 0.05$).

4.6 Multicollinearity analysis

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. If there is perfect collinearity between predictors it becomes impossible to obtain unique estimates of the regression coefficients because there are an infinite number of combinations of coefficients that would work equally well. One way of identifying multicollinearity is to scan a correlation matrix of all of the predictor variables through variance inflation factor (VIF) and tolerance statistic in collinearity statistics of the regression model (Field, 2009).

Tolerance statistics is the direct measure of multicollinearity which defines the amount of variability of the selected independent variable not explained by the other independent variable. Whereas, variance inflation factor (VIF) is the second measure of multicollinearity which is simply the inverse of the tolerance value (i.e. $1 \div \text{tolerance value}$) (Hair et al., 2010). Hair et al suggests that, tolerance value should be high to account for small degree of multicollinearity problem and small tolerance value denotes high collinearity. A common cutoff threshold is tolerance value of 0.10 but less than 1 and variance inflation factor (VIF) value of 10 (Hair et al., 2010).

Table 4.12 Multicollinearity result using VIF

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership	.751	1.331
	Transactional Leadership	.774	1.292
	Laissez-Faire Leadership	.831	1.204

a. Dependent Variable: Organizational Culture

Source: Own Survey Result, 2024

Regarding to the result, the VIF for Transformational Leadership was 1.331, for Transactional it was 1.292 and Laissez-Faire Leadership 1.204 VIF's range of values between 1 and 10 indicates that the independent variable did not exhibit multicollinearity.

4.7 Multiple regression analysis

Multiple regression analysis is a statistical technique that can be used to analyze the relationship between a single dependent (criterion) variable and several independent (predictor) variables. The objectives of the multiple regression analysis is to use the independent variables (the three leadership styles in this study) whose values are known to predict the single dependent (Organizational culture) value selected in this study (Hair et al., 2010). If this is the case, multiple linear regressions was conducted in order to determine the explanatory power of the leadership styles adopted in BOA West Addis District (transformational leadership style, transactional leadership style and laissez-faire leadership style) to identify the relationship and to determine the most dominant leadership styles that influence organizational culture.

Table4.13 Multiple Regression Model Summaries

Model Summary									
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	.733 ^a	.537	.490	.30543	.537	11.534	3	194	.000

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

Source: Own Survey Result, 2024

The above regression model tells us how much variance on organizational culture of BOA West Addis District that would be explained by the leadership styles (predictors).

R: indicates the correlation between the observed values of independent variable and the values of dependent variable predicted by the multiple regression model. Therefore, large values of the R represent a large correlation between the predicted and observed values of the outcome. R of 1 represents a situation in which the model perfectly predicts the observed data (Field, 2009). From the model summary $R = .733a$ which indicates a strong positive correlation between the combined leadership styles (transformational leadership style, transactional leadership style and laissez-faire leadership style) and organizational culture.

R²: represents the amount of variance in the outcome explained by the model relative to how much variation there was to explain in the first place. Therefore, as a percentage, it represents the

percentage of the variation in the outcome that can be explained by the model (Field, 2009). Hence, the value of R² is .537, which tells us that the combination of leadership styles can account for 53.7% of effect on organizational culture. The rest 46.3% variation on organizational culture can be explained by other variables that are not included in the regression model.

Adjusted R²: This adjusted value indicates the loss of predictive power or shrinkage. Which tells us how much variance in dependent variable would be accounted for if the model had been derived from the population from which the sample was taken. In other words, the adjusted R² gives us some idea of how well our model generalizes and ideally we would like its value to be the same, or very close to, the value of R² (Field, 2009). In this study, the difference for the final model is small (in fact the difference between the values is $.537 - .490 = .047$. This shrinkage means that if the model were derived from the population rather than a sample it would account for approximately 4.7% less variance in the outcome.

4.8 ANOVA

Table 4.14 ANOVA-Model Significance

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.376	3	3.125	23.111	.000 ^b
	Residual	26.234	194	.135		
	Total	35.610	197			
a. Dependent Variable: Organizational Culture						
b. Predictors: (Constant), Laissez-Faire Leadership, Transactional Leadership, Transformational Leadership						

Source: Own Survey, 2024

The ANOVA table shows us whether the regression model and the overall results in a significantly good degree of prediction of the outcome variable (Field, 2009). And the ANOVA analysis provides the statistical test for the overall model fit in terms of F ratio (Hair et al., 2010).

As indicated in Table 4.14 above, the p-value is less than 0.001, indicating that the variation explained by the model is not due to chance.

The F-ratio measures how much the model has improved the prediction of the outcome compared to the level of inaccuracy of the model. It is derived by dividing the mean square of the model (MSM) by the mean square of the residual (MSR). A good model should have a large F-ratio. In this case, the F-ratio is 23.111, which is large and significantly predicts the effects in organizational culture at a p-value less than 0.001.

Explanation of Model Change: The change in the model refers to the different leadership styles considered in the analysis. By including laissez-faire, transactional, and transformational leadership styles, we observe how these different styles impact the organizational culture.

F-Change: In this context, we are focusing on the base model which includes the main effect of different leadership styles. The significant F-ratio of 23.111 indicates that the variance explained by the leadership styles is substantial. The high F-ratio demonstrates that the leadership styles have a significant effect on organizational culture. However, for more detailed model comparison involving additional factors or interaction effects, further analysis and extended models would be required.

4.9 Beta Coefficient

The coefficient explains the average amount of change in dependent variable that is caused by a unit of change in the independent variable. Accordingly, the unstandardized beta coefficient (B) tells us the unique contribution of each factor to the model. A high beta value (B) and a small P-value (<0.05) indicate the predictor variable has made a statistically significance contribution to the model. On the other hand, a small beta value (B) and a high P-value ($p >0.05$) indicate the predictor variable has little or no significant contribution to the model (George and Mallery, 2003).

Table4.15 Beta Coefficient

Coefficients ^a				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

	B	Std. Error	Beta		
1(Constant)	2.567	.189		13.593	.000
Transformational Leadership	-.113	.059	-.163	-1.926	.056
Transactional Leadership	.170	.043	.270	3.983	.000
Laissez-Faire Leadership	.270	.046	.475	5.929	.000

a. Dependent Variable: Organizational Culture

Source: Own Survey, 2024

From the above Table 4.9, we can examine and forecast the effect of independent variables Transformational, Transactional and Laissez-Faire Leadership on organizational culture.

The unstandardized coefficient of transformational leadership (-.113) suggests that, holding other actors constant, an increase in transformational leadership is associated with a decrease in organizational culture by .113 units. However, the p-value (0.056) is slightly above the conventional threshold of 0.05, indicating that this relationship is not statistically significant at the 5% level.

When we come to transactional leadership, the unstandardized coefficient (.170) implies that an increase in transactional leadership is associated with an increase in organizational culture by .170 units, holding other factors constant. The p-value (0.000) indicates that this relationship is statistically significant.

Accordingly, Laissez-Faire Factors (Beta=.270) makes the strongest unit contribution to explain the dependent variables in which the result revealed that, a one unit increase or positive change in Laissez-Faire Factors style would lead to .270 increase the level of organizational culture.

The regression analysis indicates that both transactional and laissez-faire leadership styles have a statistically significant positive impact on organizational culture, with laissez-faire leadership showing the strongest effect (Beta= .475). In contrast, transformational leadership does not have a statistically significant impact on organizational culture at the 5% significance level, as its p value is slightly above 0.05.

These results suggest that while more transactional and laissez-faire approaches in leadership are associated with better organizational culture, transformational leadership does not significantly contribute to organizational culture in this particular sample. The results show that laissez-faire leadership has a positive significant impact on organizational culture and dominate in the bank of Abyssinia West Addis District. This supports Sougui, et al. (2016) that stated laissez-faire leaders allow freedom on how employees do their work and employees perform with no leadership barriers.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATIONS

5. Introduction

In accordance with the study's specific objectives, the findings are summarized in this chapter, together with any conclusions drawn and recommendations made for more research that might advance the field of study.

5.1 Summary of the Findings

Among two hundred twenty five questionnaires that were sent to employees of the bank of Abyssinia West Addis District, one hundred ninety eight were completed and returned. Which means, (88%) of the total questionnaire is used for analysis.

Taking the case of bank of Abyssinia West Addis District, the study goal was to evaluate effect of leadership style (Transactional, Transformational and Laissez-faire leadership) on organizational culture. From the stated leadership types, Laissez-faire leadership style is the dominate type of leadership at BOA West Addis District.

Of the 198 of respondents overall, 51.5% were male which shows a slight difference from female respondents. The majority of the respondents, which is 41.9%, are in the 34 up to 40 age range.

In regard to the level of Education, most of the respondents 131 (66%) held a BA Degree and the least 67(34%) held a master's Degree. In addition, 190(96%) had worked in the Bank for more than four years.

The Cronbach's alpha score reliability of data test findings showed that the reliability alpha was .750, which is above 0.7; this means that all of the study measurement equipment was reliable.

The descriptive analysis of leadership styles shows laissez-faire leadership style has the highest grand mean (3.960), indicating a predominant tendency towards minimal involvement and a hands-off approach by leaders.

Correlation analysis depicts the relationship between transformational and organizational culture ($r = .379$, $P < 0.05$), followed by Transactional ($r = .327$, $P < 0.05$) and Laissez-faire ($r = .998$, $P < 0.05$). This suggests the relationship was favorable.

The effect of the leadership style on organizational culture in the Bank of Abyssinia West Addis District was explained by the research with an R-squared of 53.7%.

The data finding shows that while more transactional and laissez-faire approaches in leadership are associated with better organizational culture, transformational leadership does not significantly contribute to organizational culture in this particular sample.

5.2 Conclusion

This study aimed to assess the impact of various leadership styles (Transactional, Transformational, and Laissez-faire) on the organizational culture at the Bank of Abyssinia West Addis District. Through comprehensive data collection and analysis, the research identified several important insights regarding the prevailing leadership dynamics and their influence on organizational culture. The predominant leadership style within BOA West Addis District was found to be Laissez-faire, characterized by minimal involvement and a hands-off approach by leaders. This finding indicates a significant trend towards leader disengagement in the organizational framework.

Demographically, the study highlighted a balanced gender representation among respondents, with a slight male majority. The workforce is relatively young, with a significant portion aged between 34 and 40 years. Moreover, the educational background of the employees is strong, with a majority holding at least a Bachelor's degree and a substantial number possessing a Master's degree. The extensive experience of the workforce, with most employees having served the bank for over four years, also adds depth to the findings.

The correlation analysis revealed that while both Transformational and Transactional leadership styles positively correlate with organizational culture, Laissez-faire leadership exhibited the strongest relationship. This high correlation suggests that Laissez-faire leadership significantly influences organizational culture, albeit in a manner that reflects minimal leader intervention. Interestingly, despite the theoretical advantages of Transformational leadership, it did not emerge as a significant enhancer of organizational culture within this specific context. This finding challenges the conventional wisdom that Transformational leadership universally benefits organizational dynamics and highlights the importance of context-specific leadership approaches.

The reliability of the study's findings is supported by a robust Cronbach's alpha score, and the variance explained by the leadership styles underscores their significant role in shaping organizational culture. These insights are crucial for understanding the complex interplay between leadership and organizational culture in the Bank of Abyssinia West Addis District.

In conclusion, this study emphasizes the nuanced relationship between different leadership styles and organizational culture. While Laissez-faire leadership is prevalent, its long-term effects on organizational culture warrant further investigation. Future research should continue to explore these dynamics to inform more effective leadership strategies and enhance organizational culture in similar settings.

5.3 Recommendation

5.3.1 Suggestions for bank of Abyssinia West Addis district

- Implement targeted leadership training programs that focus on enhancing transformational and transactional leadership skills. Emphasize the benefits of active engagement and strategic involvement to foster a more dynamic organizational culture.
- Encourage leaders to adopt a more hands-on approach to address the limitations of the current Laissez-faire leadership style. This could involve regular training sessions, workshops, and mentorship programs aimed at developing more proactive leadership behaviors.

- Improve internal communication strategies to ensure that leaders are more accessible and engaged with their teams. Regular meetings, feedback sessions, and open-door policies can help bridge the gap between leaders and employees
- Establish mechanisms to regularly assess the impact of leadership styles on organizational culture. Use employee surveys, performance metrics, and cultural assessments to continuously monitor and refine leadership practices.
- Awareness has to be created on what is important to the subordinates and to the organization's culture in order to achieve the stated result which encourages the employees to see their opportunities and challenges around them creatively.

5.3.2 Suggestions for Further research

- Conduct similar studies across different branches and districts of the Bank of Abyssinia to compare and contrast the impact of leadership styles on organizational culture in various contexts. This could help identify patterns and unique challenges specific to different regions.
- Diverse research methods to gain a more comprehensive understanding of the relationship between leadership styles and organizational culture. In-depth interviews, focus groups, expand the sample and case studies could complement survey data to provide richer insights.
- Investigate the impact of specific leadership interventions, such as training programs or policy changes, on organizational culture. This could help identify effective strategies for improving leadership practices within the bank.
- Explore the perspectives of employees at different levels within the organization to understand how various leadership styles are perceived and their effects on morale, job satisfaction, and performance. This could inform more nuanced and targeted leadership development initiatives.

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APPENDIX

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

Master of Arts in Business leadership

QUESTIONNAIRE TO BE FILLED BY BRANCH MANAGERS

Dear Respondent,

The basic objective of this questionnaire is to gather the prominent information which helps to find out the effect of leadership style on organizational culture in bank of Abyssinia in case of west Addis district: You are selected to share your response in this study and I would appreciate your participation in answering all the questions.

All the data and information that you provide in this questionnaire are for academic purposes only and remain confidential. Therefore, your genuine and honest response is very important for the success of the research.

Thank you in advance for providing this valuable information and your time.

♣ If you have any question, please contact

Mobile No +251-927-16-15-61

Email address: tigistgetu1217@gmail.com

Section A: demographic profile

Please indicate the following by ticking write mark on the space beside the response options:

1. Gender Male Female
2. Age 18- 25 26- 33 34 - 40
- 41- 50 above 50

3. Education level

Degree Masters Above masters

4. Experience 1-3 years 4-6 years
 7- 10 years above 10 years

Section B: Examining Leadership Style

Direction: Below is a list of questions about different types of leadership style. Please indicate whether you agree or disagree with each statement by ticking (√) on the space provided from the options that range from “strongly agree” to “strongly disagree”.

1.Strongly disagree (SD) 2. Disagree (D) 3. Neutral (N) 4. Agree (A) 5. Strongly Agree (SA)

Items		SD	D	N	A	SA
Transformational Leadership						
TL1	The organization managers allow customers and employee to be a part of decision-making process.					
TL 2	Communicates about the future optimistically.					
TL 3	The managers make frequent and supportive communication.					
TL 4	Treats me as an individual rather than just as a member of the group.					
TL 5	Considers the moral and ethical consequences of decisions					
TL 6	The company is keen to hold regular meetings with departments managers and customers to coordinate the work					
TL 7	The managers help the organization community to find their passion					
TL 8	Emphasizes the importance of having a collective sense of mission.					
TL 9	Feels pride in me for being associated with him/her					

Transactional Leadership					
TL 1	Provides me with assistance in exchange for my efforts.				
TL 2	Waits for things to go wrong before taking action.				
TL 3	Expresses satisfaction when I meet expectations.				
TL 4	I feel insecure about their work and need direction				
TL 5	Focuses attention on irregularities, mistakes, exceptions, and deviations from standards.				
Laissez-Faire Leadership					
LF 1	In complex situations, the managers allows employee to work problems out on my own				
LF 2	As a rule, leaders should allow employee to appraise their own work				
LF 3	Avoids getting involved when important issues arise.				
LF 4	Delays responding to urgent questions.				
Organizational Culture					
Involvement					
OC 1	Everyone believes that he or she can have a positive impact.				
OC 2	Information is widely shared so that everyone can get the information when it's needed				
OC 3	Cooperation across different parts of the organization is actively encouraged				
OC 4	Team work is used to get work done, rather than hierarchy. Authority is delegated so that people can act on their own.				
OC 5	There is continuous investment in the skills of employees.				
Consistency					
OC 1	There is a clear and consistent set of values that governs the way we do things.				
OC 2	There is an ethical code that guides our behavior and tells us right from wrong.				
OC 3	When disagreements occur, we work hard to achieve "win-win" solutions.				
OC 4	It is easy to reach consensus, even on difficult issues.				

OC 5	Our approach to doing business is very consistent and predictable.					
OC 6	People from different parts of the organization share a common perspective.					
Adaptability						
OC 1	The way things are done is very flexible and easy to change.					
OC 2	Different parts of the organization often cooperate to create change					
OC 3	Customer comments and recommendations often lead to changes.					
OC 4	All members have a deep understanding of customer wants and needs.					
OC 5	We view failure as an opportunity for learning and improvement.					
OC 6	We make certain that everyone is informed about what is going on across the organization.					
Mission						
OC 1	There is a clear strategy for the future.					
OC 2	There is a clear mission that gives meaning and direction to our work.					
OC 3	Leaders set goals that are ambitious, but realistic.					
OC 4	The leadership has clearly stated the objectives we are trying to meet.					
OC 5	We have a shared vision of what the organization will be like in the future.					
OC 6	Our vision creates excitement and motivation for our employees.					