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Thesis Research

Research on

The Effect of Marketing Strategy on Business Performance and The Moderating Role of Transformational Leadership in Their Relationship: A Case Study on Bank of Abyssinia S.C

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DECLARATION

I, the under signed, declare that, this study “The Effect of Marketing Strategy on Business Performance and The Moderating Role of Transformational Leadership in Their Relationship: A Case Study on Bank of Abyssinia S.C” is my original work and has not been presented for a Degree in any other University, and that all the sources of materials used for the study have been duly acknowledged.

Amanuel Lemma Dessalegn

Date

Addis Ababa University School of Commerce Postgraduate Program

This is to certify that the thesis prepared by Amanuel Lemma Dessalegn, entitled: The Effect of Marketing Strategy on Business Performance and the role of transformational leadership in their relationship: A Case Study on Bank of Abyssinia S.C and submitted in partial fulfillment of the requirements for the Degree of Masters of Business Leadership complies with the regulations of the university and meets the accepted standard for originality and quality.

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Chair of the Department of Graduate Program Coordinator

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List of Acronyms

BOA: Bank of Abyssinia

SPSS: Statistical Package for Social Science

MNC: Multinational Corporates

S.C.: Share company

ABSTRACT

The objectives of this research were to examine the relationship between Transformational Leadership and Business Performance, as well as to study the effect of Transformational Leadership on the relationship between Strategic Marketing and business performance. Specifically, this study evaluated the relationship between business performance and selected elements of marketing strategy such as advertising, branch image, price, distribution intensity, branch location at Bank of Abyssinia S.C. The research also sought to examine the effect of transformational leadership on the preceding relationship. To achieve these objectives data was collected using Convenience Sampling from Grade A branches of the bank. Data was collected using questionnaires. The data was obtained from a sample of 203 employees of the bank at grade A branches of the bank. Correlation analysis was used to establish the relationship between strategic marketing variables and business performance as well as transformational leadership and business performance. In general, the findings of the correlations analysis revealed that there is a positive relationship between an element of strategic marketing and business performance. The study revealed that Distribution Intensity had a positive and significant correlation with business performance while all the other elements in this study did not have significant correlations with business performance. The study also used interaction analysis which depicted that transformational leadership does have significant effect on the relationship between an element of strategic marketing (i.e., distribution intensity) and business performance. Through regression analysis, the study similarly revealed that transformational leadership and distribution intensity significantly affect business performance while advertising, price, branch location, branch image have insignificant relationship. It also advised for the bank to focus more on distribution intensity and leadership style as these have significant relationship with business performance than other variables. Thus, an improvement in this two is likely to enhance performance. Overall the study indicated that strategic marketing has a positive effect on business performance. The implications of this study for practitioners are indicated in the thesis.

Key terms: *strategic marketing, transformational leadership, advertising, distribution intensity, branch image, price, branch location, business performance*

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Analyzing the business environment and defining specific customer needs, matching activities/products to customer segments, and implementing programs to achieve a competitive position are all examples of marketing strategy [Strategic Marketing Planning and Control, Graeme Drummond, John Ensor, Chartered Institute of Marketing 2001]. Essentially, marketing strategy strives to produce market segmentation into groups with common traits, behaviors, and attitudes, as well as the targeting of specific market segments and positioning to a distinct superior position. Business performance, on the other hand, refers to a company's sales of goods and services over a given time period. Because marketing is the act or business of promoting and selling goods and services, a company's revenue is strongly dependent on its ability to market its goods and services effectively. At the time of writing, the increase in the number of banks in Ethiopia is a relatively recent phenomena that began less than three decades ago. As a result, banks' marketing initiatives are constantly in need of improvement.

The following are the advantages of defining a clear marketing aim, according to Mullins, Walker, and Boyd (2012). First and foremost, it tries to provide employees with a clear sense of direction in terms of where the company is headed and what is expected of them. Second, it's helpful in determining the business's success. The third benefit is that it will ensure that all efforts and actions are directed toward achieving the established objectives, and finally, it will assist in motivating and rewarding the employees, both leaders and their teams, once the project is accomplished (Fuerderer et al, 2013).

Organizations must consequently devote a considerable amount of their budgets to marketing in order to ensure that sales increase at an exponential rate. It is vital to remember, however, that most businesses have failed to boost their sales revenue as a result of inadequate marketing methods (Rodriguez, Peterson and Vijaykumar, 2012).

Tosun, Petek & Doğan, Mesut & Köylüoğlu, Selçuk. (2021) examined how marketing activities affected firm performance and found that these marketing factors efforts have a favorable impact on financial measures. Similarly, Laswai, M., E. (2013) concluded that: There is a significance positive relationship between the financial marketing services and profitability of First Bank of Nigeria Plc.

In the case of Bank of Abyssinia S.C., the company has stayed in the market for the past decades embracing the constant change of market dynamics by adopting marketing strategies in order to achieve greater business performance and leading the organization to transformation. Past studies such as a study conducted by Aga, Deribe & Noorderhaven, Niels & Vallejo, Bertha. (2016) have examined the relationship between strategic marketing elements and business performance; however, less research has been done to examine the effect of Transformational Leadership on this relationship. Investigating this relationship is important because Leadership is known to positively affect performance Soud, Nahifa. (2019); However, we do not know if this particular leadership style interacts with marketing strategy to have an effect on measures of performance.

Thus, this study will examine the relationship of strategic marketing management with business performance and further examine the role of transformational leadership in this relationship. This study intentionally focused its leadership combination scope merely to transformational leadership over other leadership styles such as the servant, charismatic or transactional leadership because this style of leadership is seen to have a positive effect on performance measures in the context of Ethiopia Lagesse, T., Lemi, K., & Alemu, D. (2020).

To do this, the study will take a sample and use quantitative approach to describe the effect of strategic marketing on business performance. The result of this report will be significant as both academic future reference on related topic as well as for the management and founding members of Bank of Abyssinia S.C. to prompt appropriate action in order to fill their gaps.

1.2 Background of the Company

In an era where commercial banking services were in an inchoate stage and striding towards transforming different sectors of the economy, Bank of Abyssinia's founders believed in the need for a bank that gives comprehensive commercial banking services. Thus, the Bank of Abyssinia (BoA) was open for business in 1996 with enthused initiation and determination.

The name Abyssinia resembles bravery and character which are the core attributes of BoA. Its identity is demarcated with a sense of hope, optimism, and belief as it is perfectly displayed in its logo, the Adey Ababa. Adey Ababa brings the promise of a new beginning. BoA brings that very sense to all the customers it engages with. Working with and through BoA brings sustained success with the help of a bank that is a symbol of determination and hard work.

Bank of Abyssinia is a share company of private individuals who amass experience and success in different areas including business, entertainment and education. Such diverse ownership not only reflects the company's determination and willingness to succeed in the sector it operates in, but also signify its ability to work together towards building a successful business venture and commercial bank service.

Through its over 710 branches in the country, BoA serves over 6 million customers. BoA's well-structured financial service system is connected through the T-24 core banking system. This coupled with the 1300 ATM machines placed in different locations to afford customers to access their accounts from anywhere at any time. This also allowed BoA to increase its capital a hundred-fold from ETB50 million to ETB 5.5 billion.

The company has 6,373,646 customers, 7000 employees, 710 branches, 1300 ATMs, and 2400 shareholders. It is operating with the mission to provide excellent financial services through competent, motivated employees and digital technology in order to maximize value to all stakeholders.

1.3 Statement of the Problem

BOA is a relatively older company in Ethiopian banking market. During the last 2021 reporting year, a total income of Birr 10.2 billion was earned depicting an increase of Birr 4.5 billion compared to the earnings of the previous Fiscal Year; The income composition indicates that the highest amount was earned from interest income to comprise 77.0%, while service charges, income from commission revenues and other incomes made up the remaining 15.4%, 8.4% and 1.4%, respectively. In the Annual Report 2022, this was attributed to the leadership as one of the factors. Thus, the one of the hypotheses mentioned in this thesis proposal tries to portray the relationship between the transformational leadership of the company with the business performance.

Organization's decision-making process on selection and implementation of appropriate marketing strategy makes it possible for them to adhere to the objectives easily; however most of them do not meet their objectives while others venture into different strategies due to the competition in the market (Renart, 2007). Companies such as Bank of Abyssinia S.C are therefore evaluating their financial services with an aim of coming up with more focused strategies that help them meet their unit and companywide objectives. They are working towards developing coherent strategies on how to differentiate and add value to the customers. Muchohi (2015) investigated the marketing mix methods used by tennis-related firms to boost competitiveness. The findings demonstrated that marketing mix strategies and competitiveness have a substantial positive link. However, it is clear that the survey did not focus on marketing methods used by Ethiopian service providers. Obonyo (2013) assessed supermarkets' marketing mix tactics for competitiveness in Kisii Town. Customers are rarely attracted to price management, according to the survey. The study, however, fails to define the relative amount at which each sort of technique should be used to optimal performance. There have been numerous studies in other industries to determine the effects of marketing strategy on

business performance, but none have been conducted on financial service companies in Ethiopia; similarly, there are few research papers that examine the role of transformational leadership in this relationship.

To better understand the connection between transformative leadership and team performance using mediators that are representative of team processes, Gundersen et al. (2012) advocate for more research. Similar to this, Kozlowski and Ilgen's meta-analysis from 2006 highlights transformational leadership as a possible leverage point for improving team processes like team-building. Following up on these calls, this research proposes that transformational leadership plays a significant role in moderating the relationship between strategic marketing elements and business performance. The study assumes that transformational leader behaviors facilitate strategic marketing interventions, which in turn are reflected in business performance. According to Bank of Abyssinia, the Grade A banks of BOA are claimed to have a stronger performance and deposit mobilization compared to other grades of the bank. Thus, this study focused on these branches only in order to develop on best practices of the bank.

Therefore, the study seeks to address this knowledge gap by focusing on effects of strategic marketing elements on business performance at Bank of Abyssinia S.C and the interaction effect of transformational with marketing strategy on business performance.

1.4 Basic Research Questions

The following are the basic research questions that this research will address:

- What is the relationship between Transformational Leadership and Business Performance at Bank of Abyssinia S.C.?
- What is the relationship between advertising and business performance at Bank of Abyssinia S.C.?
- What is the relationship between distribution intensity and business performance at Bank of Abyssinia S.C.?

- What is the relationship between brand image and business performance at Bank of Abyssinia S.C.?
- What is the relationship between branch location and business performance at Bank of Abyssinia S.C.?
- What is the relationship between price and business performance at Bank of Abyssinia S.C.?
- Does Transformational Leadership's moderate the relationship between strategic marketing and business performance?

1.5. Objectives of the Study

General Objectives

This research seeks to identify major strategic marketing elements practiced and determine current business performance, to investigate whether transformational leadership is among the dominantly utilized leadership style in the bank and to investigate the moderating role of Transformational Leadership style on the relationship between strategic marketing and business performance.

Specific Objectives

The following are the specific objectives of this study:

- To examine the relationship between Transformational Leadership and Business Performance
- To study the moderating role of Transformational Leadership on the relationship between strategic marketing and Business Performance
- To evaluate the relationship between advertising and business performance
- To evaluate the relationship between distribution intensity and business performance
- To evaluate the relationship between price and business performance

- To evaluate the relationship between branch image and business performance
- To evaluate the relationship between branch location and business performance

1.6 Definition of Terms / Concepts / Constructs

Strategic Marketing: Strategic marketing, according to Allison and Kaye (2005), is about making decisions. It's a way for assisting leaders in being deliberate about their objectives and approaches. Strategic marketing, according to Bryson (2004; Anderson 2004), is a systematic endeavor to make basic decisions and activities that define and steer what a business is, what it does, and why it does it in the future. According to Woodward (2004), strategic marketing is a process of imagining the future and developing the necessary procedures and operations to impact and accomplish it.

Transformational leadership: is defined as a leadership approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders.

Advertising: is the activity or profession of producing advertisements for commercial products or services. It is an important extrinsic cue signaling product quality (Milgrom and Roberts 1986)

Distribution Intensity: is the level of availability selected for a particular product by the marketer. Consumers will be more satisfied, however, when a product is available in a greater number of stores because they will be offered the product where and when they want it (Ferris, Oliver, and de Kluyver 1989; Smith 1992).

Brand image: is the perception of the brand in the mind of the customer. The importance of channel design and management as a marketing tool of increasing brand equity is growing (see Srivastava and Shocker 1991).

Branch Location (Place): is station, facility, or space at a fixed location other than a in addition to the principal office, however designated, at which anywhere business that may be conducted at the principal office is transacted.

Business Performance: Many definitions have been used to define business performance, with one describing it as "the operational ability to satisfy the desires of the company's major stakeholders" (Smith & Reece, 1999, p. 153) and as a subset of the overall concept of organizational effectiveness (Smith & Reece, 1999, p. 153). (Venkatraman & Ramanujan, 1986). This demonstrates the need of evaluating corporate performance in order to fulfill organizational goals by determining success or failure, which can be characterized in a variety of ways, including subjective or objective, financial or non-financial. Dess and Robinson (1984) claim that it is very difficult for researchers to accurately estimate firms' business performance, mostly when using mailed-out questionnaires. This is because the data will be subject to measurement errors due to the confidential nature of the data and variance in accounting procedures among participating firms. These factors may create a researcher bias in determining significant effects of the study (Song et al., 2005). The use of objective ratings also would increase probability of having black-responses from respondents (Begley & Boyd, 1987), which it is to be avoided by the researcher to obtain a clean data set. Besides, most SME managers do prefer and willing to provide the performance data subjectively for the sake of confidentiality. The literature by Siti Nur 'Atikah Zulkiffli, 2014 suggests that subjective measurement is the best alternative to objective measurement in evaluating firms' business performance.

1.7 Significance of the study

This study is deemed to be relevant as research reference for further academic research on related topics of strategic intent in strategic marketing and company's revenue, and other related topics. Since the research also discusses the relationship between the strategic marketing management and business performance while examining the role of

transformational leadership in it, it can also be used for future investigation on the effects that both topics have on each other in the case of a private bank.

Management and shareholding members of Bank of Abyssinia S.C. will also be able to use such document for identifying operational gaps in their marketing efforts to better their performance in business. Additionally, due to their significance benefits, banks in recent years increasingly become the focus of policy-makers, thus the result of this study can be used to further understand obstacles of performance growth in relation to the bank's marketing effort.

1.8 Scope of the study

This study focuses on describing the relationship between strategic marketing and business performance in the case of Bank of Abyssinia S.C. This means that the subject matter revolves around the topics of strategic marketing, business performance and the role of leadership which will essentially limit the study to overlook the other possible factors effecting business performance for the sake of conducting the study effectively.

The business performance of a given company could be affected by affected by many factors such as employee performance, management's commitment, financial management strategy among many; however, this study focuses on the relationship of business performance with strategic marketing management. Additionally, this study examines the interaction of strategic marketing management with transformational leadership and its effect on business performance.

The study was carried out at Bank of Abyssinia S.C. in Ethiopia for grade A branches through convenient sampling. Target population was 410 staff. Thus, this study is limited to the case of a commercial bank that is working in the banking sector in Ethiopia for decades. Thus, the research findings may not be suitably applicable for companies working on unrelated sector and recent new banks from that of this study's case.

CHAPTER TWO

REVIEW LITRATURE REVIEW

This chapter presents literature review in line with the research objectives. Firstly, it will discuss about the theoretical literature and place a frame work to define the relationship between strategical marketing orientation and business performance. Then, it will discuss empirical literature on the variables and their relationships. It will finally discuss a conceptual framework for the research and state the hypothesis.

2.1 Theoretical Literature

According to Andersen (2016), leaders are those that inspire, motivate, and appreciate their colleagues in order to get work done and provide the intended results. Leaders adopt various leadership styles in order to motivate and stimulate the employees.

One of the most generally acknowledged theories of leadership is full-range leadership theory, which encompasses transformational, transactional, and laissez-faire leadership styles (Sohmen, 2013) . According to a study Legesse, T., Lemi, K., & Alemu, D. (2020), behaviors linked to transactional and transformational leadership have a greater impact on organizational success.

Transformational Leadership

For our purposes, we concentrate on transformational leadership because studies have shown that it is highly relevant for such businesses that are focused on services (Gundersen et al., 2012). A study by Lagesse, T., Lemi, K., & Alemu, D. (2020) indicate that by encouraging and motivating workers to make changes, create new things, and innovate beyond what they currently believe is possible, transformational leadership transforms the workplace.

According to Robbins and Judge (2017), transformational leaders are those who empower their followers to take responsibility for their own interests and who have the power to have

significant and extraordinary effects on them. As a result, the transformational leadership model can be used to implement effective transformative leadership. A four-dimensional assessment of transformational leadership that is thought to have a purpose and be active in enhancing Employee performance through idealized influence, intellectual stimulation, individual consideration, and inspiration motivation was presented by Bass and Avolio Research (1990), and Bass (1998, 1999), Rafferty and Griffin (2004), Robbins and Judge (2017) equally identically.

A value-driven style of leadership known as transformational leadership refers to the persistent human capacity for excellence and pride in accomplishment. Studies have shown that while transformational leadership can assist boost output, output increases significantly when a different style of leadership is used. However, it appears that the drawbacks outweigh the benefits of transformational leadership. In order to encourage voluntary commitment, productivity, and performance, trust must be present for transformational leadership to be effective.

Transformational leaders are capable of inspiring people to put their own interests aside in order to achieve a common purpose (Bass, 1985). Idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration are all components of transformational leadership (Bass & Avolio, 2000).

Four elements make up the transformational leadership model (Ristow 1997, Shibru & Darshan, 2011, Amir Sadeghi 2012):

- (1) The leader who is a powerful ideal to his followers is described as having charisma or idealized influence. Such leaders help followers identify with them and strive to be like them. They impart their followers with a sense of mission and vision.
- (2) Inspirational motivation is a trait of leaders who hold their followers to high standards and motivate them to be committed to the organization's shared vision.

(3) Intellectual stimulation refers to leaders who challenge their followers to be creative and innovative as well as committed to enhancing organizational performance.

(4) Individual appreciation shows that a leader supports a culture in which he carefully examines the requirements of each of his followers, acting as a trainer and counselor to help each of them reach their greatest potential.

Studying its interaction, we will examine how transformational leadership acts upon the relationship between two variables and changes its direction or strength and in this research, interaction analysis will be used to determine transformational leadership's role.

Strategic Marketing Management

Strategic marketing, according to Allison and Kaye (2005), is about making decisions. It's a way for assisting leaders in being deliberate about their objectives and approaches. Strategic marketing, according to Bryson (2004; Anderson 2004), is a systematic endeavor to make basic decisions and activities that define and steer what a business is, what it does, and why it does it in the future. According to Woodward (2004), strategic marketing is a process of imagining the future and developing the necessary procedures and operations to impact and accomplish it.

Any marketing activity will have a positive impact on brand equity if it causes consumers to behave more favorably toward the focus product than they would toward a comparable unbranded product (Yoo, B., Donthu, N., and Lee, S., 2000). Thus, Brand equity enhances the company's cash flow as a significant asset (Simon and Sullivan 1993). For this research, distribution intensity, advertising, price, brand image and brand location as strategic marketing elements that affect brand equity. The reason for this selection was mainly because to enhance contribution of other similar literatures.

Distribution is intensive when products are placed in a large number of branches to cover the market. To enhance a product's image and get substantial retailer support, firms tend to distribute exclusively or selectively rather than intensively (Yoo, B., Donthu, N., and Lee, S.,

2000). A brand's quality can be determined, in particular, by how effectively it distributes services. Branch image has a strong beneficial impact on perceived quality, according to Dodds et al. (1991). Meanwhile, as a marketing strategy for boosting brand equity, channel design and management are becoming increasingly significant (Srivastava and Shocker 1991).

In regards to advertising, the hierarchy of effects model has demonstrated that customers frequently take advertising claims at face value and extrapolate the product's performance based on those claims (Richins 1995). As a result, people who are exposed to a brand's advertising more frequently acquire stronger brand associations as well as higher brand awareness and awareness of the brand itself, which contributes to strong brand equity. Price has also been a key positioning strategy to distinguish a product. Value pricing holds that by reducing the price, the product's value rises and consumers perceive a savings (Dodds et al., 1991; Zeithaml, 1988).

When it comes to measuring business performance, different authors take different approaches. To begin, numerous financial and non-financial metrics were utilized as criteria for evaluating business performance in studies. In addition, scholars use two types of methodologies to investigate these indicators: subjective and objective measures. Studies that used both objective and subjective measures of performance (Venkatraman and Ramanujam, 1986; Child, 1986) indicated a substantial association between them, according to Avlonitis and Gounaris (1997). It is frequently claimed that marketing strategy is a continual process since a strong marketing strategy must inform a business of where they would like to be over the long run. The marketing strategy is viewed as the marketing reasoning that the company will use to try and meet its marketing goals. There is unquestionably no action in the business organization where the marketer cannot make the best choice regarding the four elements of the marketing mix—price, product, place/distribution, and promotion—by utilizing marketing strategy.

According to Personal, Munich & Archive, Repec & Monray, George. (2012), a marketing strategy is made of several interrelated elements but the reason the five elements were selected in this study is with the drive to extend on previous similar researches.

The body of research on innovation demonstrates the importance of strategic marketing innovation for every company's success and survival (Wolfe, 1994; Damanpour, 1996; Fiol, 1996; Bell, 2005; Cho & Pucik, 2005; Jimenez & Sanz-Valle, 2011) as well as the acquisition of a sustainable competitive advantage (Gopalakrishnan & Damanpour, 1997; Mumford & Licuanan, 2004; Johannessen, 2008; The literature contains a wide variety of definitions of innovation.

Relationship between Transformational Leadership and Business Performance

Lok and Crawford (2004) claimed that leadership can better predict the success or failure of an organization. Because leaders in the transformational style serve as initiators for restructuring, they are integrated with the organization's creativity, innovation, flexibility, and responsiveness. Simultaneously, the efficacy and sensitivity to the collective demands necessary to achieve successful performance has increased significantly (Mora & Tidor, 2012).

Relationship between Advertising and Business Performance

Advertising, sales promotions, personal selling, and publicity are all part of the promotional mix, according to Kotler (1999). In their study on the impact of promotional methods on bank performance, Aliata, Odondo, Aila, Ojera, Abong, and Odera (2012). It was discovered that advertising methods and bank performance had a beneficial association.

Relationship between Distribution Intensity and Business Performance

The number of intermediaries via which a service provider distributes its services is referred to as distribution intensity. Intensive distribution cuts down on the time people spend looking for branches, improves banking service, and makes it easier to get services (Ferris, Oliver, and de Kluyver 1989; Smith 1992). As distribution intensity rises, consumers have more time and place utility and perceive the service to be more valuable.

As Ennew and Waite (2006) have explained, distribution channels in financial services should provide consumers with:

- Appropriate advice and guidance regarding the suitability of specific products.
- A choice and a range of product solutions to meet different customer needs
- The means for purchasing a product
- The means for customers to establish a relationship with the service provider
- A service and product showcase
- A vehicle for communication of relevant aspects of financial services
- Easy access to the administration systems and processes required for ongoing consumption of products or service.
- The means for the service provider to manage customer relationships over time.
- The opportunity for providers to cross-sell additional products to existing customers.

Relationship between Brand Image and Business Performance

The company's image is useful for establishing in the seller's mind what the organization has and offers (Muniz & O'Guinn, 2001). A company's brand image can also be used to place it in a specific market position. Distribution through high-grade image stores, in particular, indicates that a brand is of high quality.

Relationship between Price and Business Performance

Pricing, according to Jain (2004), is the process by which an organization determines what it will receive in exchange for its product after taking into account manufacturing costs, market conditions, competition, and product quality. Premium pricing, value pricing, penetration pricing, cost plus pricing, competitive pricing, price skimming, going rate pricing, geographical pricing, segmented pricing, product mix pricing, psychological pricing, and discriminatory pricing are among the pricing strategies used by companies, according to Kotler (2004).

Relationship between Branch Location and Business Performance

According to Schiele (2008), a firm's profit margin and success are influenced by its geographic location. This could be owing to raw material and labor availability and closeness, proximity to customers and rivals, infrastructure, and transportation costs.

Transformational Leadership interaction with Strategic Marketing on Business Performance of Bank of Abyssinia S.C

The transformational leader inspires followers by serving as a role model, motivating through inspiration, engaging the mind, and paying attention to the needs and aspirations of each individual. Individual, collective, and organizational accomplishment far exceeds expectations as a result. According to Kimeto, D. A. C., & K'Aol, P. G. (2018), transformational leadership style had a significant influence on organizational commitment among the senior managers of the commercial banks in Kenya. Organizational commitment then leads to increase performance of the bank. The study also concluded that organizational culture significantly moderated the relationship between transformational leadership style and organizational commitment in commercial banks in Kenya.

2.2 Empirical Literature

On the basis of regression, a study published in *Procedia Economics and Finance* 34 (2015) revealed that there is a link between marketing orientation and firm performance as measured by financial and non-financial indicators excluding market share. This implied that there are marketing components that are linked to the success of a company.

Relationship between Transformational Leadership and Business Performance

Despite the fact that leadership has been studied in academia for decades, there is a paucity of empirical studies in this area (Söderlund, 2011; Turner and Müller, 2005; Tyssen et al., 2013). Wang et al. (2011) discovered a correlation between transformative leadership and follower performance at the individual level. At the organizational level, the study found a link between

team performance and organizational success. This adds to the evidence that there is a strong link between the two (Jyoti & Bhau, 2015; Do et al., 2020).

Hypothesis 1: There is a positive relationship between transformational leadership with business performance at Bank of Abyssinia S.C

Relationship between Advertising and Business Performance

Advertising studies have concluded that advertising is quite effective in building brand equity, whereas sales promotion is not (Boulding, Lee, and Staelin 1994; Chay and Tellis 1991; Johnson 1984; Lindsay 1989; Maxwell 1989). According to Simon and Sullivan (1993), advertising spending has a beneficial effect on brand equity. Cobb-Walgren, Beal, and Donthu (1995) discovered that advertising spending has a beneficial impact on brand equity and its dimensions.

Hypothesis 2: There is a positive relationship between advertising and business performance at BOA

Relationship between Distribution Intensity and Business Performance

Vorhies, Morgan, and Autry (2009) investigated the effects of the firm's product-market strategy and marketing capabilities on market effectiveness and cash flow performance. It was discovered that distribution channel management and company performance had a beneficial association. Afzal (2009) investigated marketing capability, distribution strategy, and business success in Pakistan's growing markets. Distribution strategy has an impact on business performance, according to the findings.

Oladun (2012) investigated the performance of selected multinational corporations (MNCs) and domestic manufacturing enterprises in Nigeria using new distribution tactics. Distribution tactics had a beneficial impact on performance, according to the findings. The method utilized was a cross-sectional survey. 175 people were chosen using simple random sampling. Innovative distribution tactics have a considerable impact on performance, according to the findings. However, according to Sin (2000), there was no substantial association between company performance and distribution channels.

Hypothesis 3: There is a positive relationship between distribution intensity and business performance at BOA

Relationship between Brand Image and Business Performance

Dodds et al. (1991) discovered that brand images have a considerable beneficial effect on perceived quality. Gbolagade, Adesol, and Oyewale (2013) conducted a study of selected small and medium companies (SME's) in Oluyole local government, Ibadan, Nigeria, to determine the impact of marketing strategy on business performance. It was discovered that image and business performance have a considerable relationship. The impact of marketing mix factors on consumer loyalty was investigated by Owomoyela, Oyeniya, and Ola (2013). The findings suggested that image has an impact on customer loyalty, resulting in an increase in performance.

Hypothesis 4: There is a positive relationship between brand image and business performance at BOA.

Relationship between Price and Business Performance

A study by Funsho Tajudeen Kolapo, Joseph Oluseye Mokuolu, Samuel Obafemi Dada and Adeola Oluwakemi Adejayan (2021) result showed that the impact of reduction in service cost is positive and significant which is similar to the effect development of new banking products. Odhiambo (2013) investigated the impact of pricing as a competitive strategy on the sales performance of a number of pharmaceutical firms. Pricing strategy and decision have been shown to have a substantial impact on business performance. Louter, Ouwerkerk, and Bakker (1991) discovered a favorable association between pricing strategy and company performance in their study.

Hypothesis 5: There is a positive relationship between price and business performance at BOA

Relationship between Branch Location and Business Performance

Geographic location, ownership, and profitability of Washington log trucking enterprises were investigated by Nguyen, McCracken, Casavant, and Jessup (2011). The study drew on data from a comprehensive log trucking survey conducted in 2007. Ownership and geographic

location have a substantial impact on the profitability of the log trucking company, according to the findings. Furthermore, enterprises anchored in clusters to establish focal points can generate higher productivity on average than independent commercial organizations, making them more profitable (Nguyen et al, 2011). Delgado (2014) claims that a geographical cluster has an impact on an organization's growth.

Agglomeration, according to Fox, Postrel, and McLaughlin (2007), is the clustering of retailers. Diverse types of stores that deal in different product lines co-locate in shopping centers and malls, which is known as inter-type agglomeration. The close proximity of stores of businesses operating in a similar product line, such as restaurants, hotels, jewelers, furniture stores, and vehicle dealerships, can also be classified as intra-type agglomeration (Fox et. al, 2007). In Kenya, Mogire (2015) studied the agglomeration and performance of retail micro-enterprises. Agglomeration had an effect on performance, according to the findings. "Does business location make a difference to the export success of SMEs?" Freeman, Styles, and Lawley (2012) investigated. There was a positive association between enterprises located within industrial districts and export success, according to the findings.

Hypothesis 6: There is a positive relationship between branch location and business performance at BOA.

Transformational Leadership role on the relationship of strategic marketing elements with business performance of Bank of Abyssinia S.C

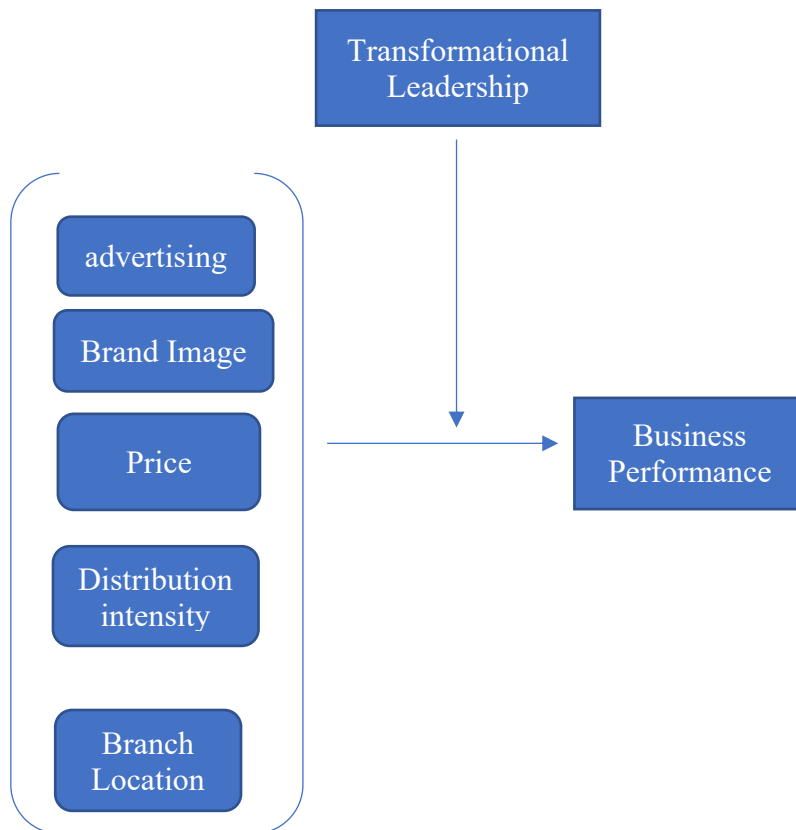
An empirical evidence by Asrare-ul-haq and Kuchinke(2016) reveal that there exists a significant relationship between transformational leadership and employee performance outcomes. According to Bushra et al. (2011), there is a link between transformational leadership and employee job satisfaction and commitment in the banking sector. Furthermore, according to Haider and Riaz (2010), transformational leaders are critical to the organization's quality performance.

According to Yamin, M. (2020), it is showed that intrinsic motivation had the highest importance level when compared with other constructs. Therefore, manager and policy makers

should take into consideration intrinsic motivation and transformational leadership in order to boost employee retention and organizational performance.

Hypothesis 7: There is a fit and significant model on role of transformational leadership's interaction on the relationship of strategic marketing elements with business performance.

2.3 Conceptual Framework



Based on the modification of the model by Yoo, Donthu, and Lee, (2000) made by the author

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter highlights research methodology that has been used in the study. It gives an overview of research design, population and sample size, sampling techniques, data collection and data analysis that were used in the research.

3.1 Research Design

A research design, according to Zikmund (2012), is a framework that researchers utilize to do research. This research framework outlines the techniques and methodology for acquiring the data and information needed to structure and solve a research challenge. A descriptive research design was adopted in this study. Descriptive research, according to Sekaran and Bougie (2013), is a method for determining the what, how, and why of a situation. This study benefited from a descriptive design because it allowed for the collection of data through the measurement of central tendency, variation, and correlation (Shajahan, 2008). Descriptive studies, according to Cooper and Schindler (2011, p.149), assist researchers in discovering relationships between variables. Quantitative research was used in the study to acquire a better grasp of the findings. Quantitative research is based on a set of assumptions. The research used quantitative research to gain better knowledge and understanding of the results. Quantitative research relies on deductive reasoning or deduction (Sekaran and Bougie, 2010).

3.2 Research Approach

This study will take quantitative approach to its investigation. In terms of data collecting sources, data will be acquired from primary sources. The primary data will be collected from employees of the bank of Abyssinia through questionnaires.

3.3 Population and Sampling Design

3.3.1 Population

According to Mugenda and Mugenda (2003), a population is the entire set of relevant units or elements that a researcher tends to study. Grade A banks of BOA are claimed to have a stronger

performance and deposit mobilization compared to other grades of the bank. Thus, this study focused on these branches in order to develop on best practices of the bank branches that have strong performance. The target population for this study was conducted in Abyssinia Bank's grade A 20 branches in Addis Ababa which totaled **410 staff at Bank of Abyssinia S.C.** The staff population is comprised of customer service officers, credit officers, finance administration, marketing and branch managers.

Population Distribution

Table 1 Population

Population	Total Population	Percentage contribution	of	Sample
Ras Corporate Branch	37	9%		18
Filwuha Branch	27	7%		13
Bole Michael Branch	25	6%		12
Bole Corporate Branch	23	6%		11
Merkato Branch	22	5%		11
Raguel Branch	22	5%		11
Megenagna Branch	21	5%		10
Sarbet Branch	21	5%		10
Churchil Road Branch	21	5%		10
Habesha Corporate Branch	20	5%		10
Akaki Gebeya Branch	20	5%		10
Arada Branch	20	5%		10
Bambis Branch	19	5%		9
Bole Cargo Branch	18	4%		9
Gerji Gebeya Branch	17	4%		8
Bole Medhanialem Branch	17	4%		8
Kazanchis Total Branch	16	4%		8
Kazanchis Branch	15	4%		7

Jemo Branch	15	4%	7
Olympia Branch	14	3%	7
	410	100%	203

Source: Primary data, 2022

3.3.2. Sampling Design

A sample is a group of people chosen from a larger group, usually to represent the population in a research study (Gravetter and Wallnau, 2007). According to (Javeaux, 1977), sample size refers to the number of persons or things included in the sample. The sample size is determined by what one wants to discover, the objective of the investigation, what was useful, what was credible, and what time and resources are available (Patton, 2002).

Slovin, E. (1960) formula was used to calculate the number of participants, as shown below.

$$n = \frac{N}{1 + N(e^2)}$$

where n= sample size

N= Target population size

e = level of precision, +/- 5% (0.5) level of significance

The sampling method employed in this research is convenient sampling method on the grade A branches of the Bank of Abyssinia S.C in Addis Ababa.

There are 410 officers including the branch and division managers at head office branch and the other seven selected branches using convenient sampling method. Therefore, the total number of samples selected from target population of 410 is 203 and sample size is determined as follows:

$$n = \frac{410}{1 + 410(0.0025)}$$

n = 202.5. Thus, sample size is **203**

3.4 Data Collection Methods

According to Cooper and Schindler (2008), data collection is the systematic and calculated gathering of information based on research variables. Closed ended questionnaires were used to collect primary data. According to Sansoni (2014), a questionnaire is a data collection tool that is designed to collect structured and unique data from respondents.

Questionnaire is a powerful instrument that assists the researcher to collect data from non-public and non-personal way. The questionnaire had a five-point Likert scale were five; (1) Strongly Disagree, (2) Disagree, (3) Neutral (4) Agree and (5) Strongly Agreed. The questionnaire was also sub-divided into five sections; demography, product and sales performance, price and sales performance, place and sales performance and promotion and sales performance. Once two data collectors were trained by the researcher, the data collection process was held physically at each branch. Once collected, data was sent digitally.

3.4.1. Validity and Reliability

Validity is defined as how much any measuring instrument measures what it is intended to measure. Validity refers to the issue of whether an indicator (or set of indicators) that is devised to gauge a concept really measures that concept. On the other hand, the tendency toward consistency found in repeated measurements is referred to as reliability. This can be checked by comparing the responses for similar or consistent questions of the questionnaire and interview.

Several ways of establishing validity are: content validity; predictive validity; construct validity; and convergent validity (Bryman and Bell, 2003). This study addressed content validity through the review of literature and adapting instruments used in similar previous researches. To ensure validity, questions were adapted from (Yoo, B., Donthu, N., and Lee, S., 2000) for measuring marketing elements and Azizi, S., Movahed, S.A., and Khah, M.H., 2009. for measuring business performance, as well as D.A. Aga a,b,, N. Noorderhaven a, B. Vallejo April, 2016) for measuring the degree of transformational leadership practice in the bank.

In addition, the Cronbach's Alpha using SPSS will be calculated to measure the reliability of the collected quantitative data. According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a research instrument yields reliable results or data after repeated trials. An instrument is reliable when it can measure a variable accurately and obtain the same results over a period of time. According to Hair, et al., (2006), if α is greater

than 0.7, it means that it has high reliability and if α is smaller than 0.3, then it implies that there is low reliability. However, 0.6 to 0.7 range is acceptable Bakon and Hassan (2013).

Table 2 Cronbach Alpha Value

No.	Dimensions	No. of items	Cronbach's Alpha Value
1	Advertising	3	0.750
2	Distribution Intensity	2	0.774
3	Price	4	.779
4	Branch Image	4	0.716
5	Branch Location	2	.804
6	Leadership	13	.960
7	Business Performance	9	.703
8	Strategic Marketing	15	0.62

Source: Primary data, 2022

As can be seen in the above table the alpha values are all acceptable to perform data analysis on the quantitative dataset.

3.4.2. Ethical Consideration

The information which will be gathered from participants will be treated with highest degree of confidentiality and will only be used for the purposes of the study. This gathered 203 information will not be revealed to anybody without the participants consent. The participants will be informed on the purpose of the research. The researcher will also preserve the anonymity of the informant by not writing the names of all those involved in the research.

3.5 Research Procedures

The study conducted a pilot study to check for accuracy and clarity. Mugenda and Mugenda (2003) suggested that use of a pilot study enabled a researcher identify errors and make required changes. Feedback received from the pilot study was added into the questionnaire before distributing the final copy. A letter from Addis Ababa School of Commerce was obtained to enable the researcher collect data. Questionnaires were self-administered. They were dropped and picked immediately respondents were done answering. Ample time was given to respondents to answer the questionnaire. Respondents were also informed that information received was confidential and was only used for academic purpose. This was part of the process in conducting this research.

3.6 Data Analysis Methods

Statistical methods were used to analyze the quantitative data. According to Cooper and Schindler (2008:93), data analysis is the process where collected data is reduced to a more controllable and convenient size, and a researcher can start to identify trends or patterns, apply statistical techniques and give a summary of the data. Collected data was sorted and coded. Statistical Package for Social Sciences (SPSS) was used to analyze data. Descriptive and correlational research was used to analyze data while interaction analysis was used to determine interaction role of transformational leadership in the relationship between strategic marketing and business performance.

The researcher used frequencies, mean, variances, and standard deviations to analyze descriptive research. Inferential statistics is a technique used by researchers to study samples and make generalizations about the population (Zulfiqar and Bala, 2016). The study analyzed inferential statistics using Pearson correlation to determine relationship between variables. Tables and figures were used to present findings. In addition, interaction analysis was used to determine the moderating role of transformational leadership on the relationship of strategic marketing management and business performance.

This chapter covers research methodology that was used in the study. It has discussed population, sampling design, sample technique that was used, sample size, data collection methods, research procedures, and the data analysis methods used in. Chapter four covered data analysis method that was used in the study. Results and findings of the study were analyzed using statistical package for social sciences (SPSS) then presented using tables and figures

CHAPTER FOUR

FINDINGS, DISCUSSION AND INTERPRETATION

This chapter provided analysis and findings obtained from the field. It also discusses results on demography; age, gender, marital status, number of years in the organization, level of education and department in the organization. The chapter further outlines effects of strategic marketing on business performance.

4.1 Findings and Interpretation

4.1.1 Response Rate

In order to ensure that sufficient dataset is collected with response the researcher issued a total of 264 questionnaires and only 203 were filled and returned giving a response rate of 77%.

This was sufficient for the study as indicated in Table 3 below.

Table 3 Response rate

Response Variable	Frequency	Percentage
Filled and returned	203	77
Non-response	61	23
Total	264	100

4.2. Demographic Information Discussion and Interpretation

This section gives an analysis on the results on demographic factors of the respondents who participated in this research study.

4.2.1 Age of Respondents

The researcher sought to investigate the age of the respondents. Findings revealed that 19.21% were 25 and below years in age and 40.39% were above the year of 26 to 30 years old. As shown in Figure below. Thus, most of the respondents are between the age of 26 and to 39 years of age.

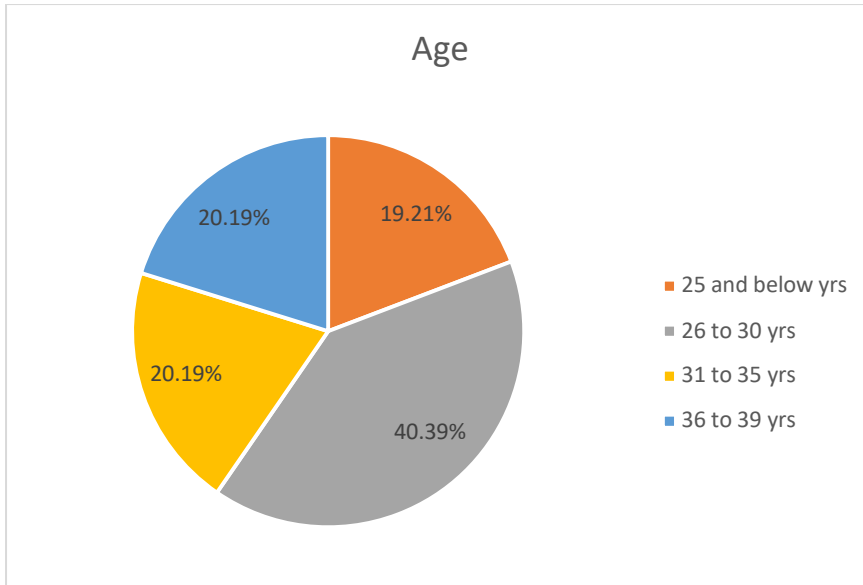


Figure 1 Age of Respondents

4.2.2 Gender of Respondents

The researcher looked at the dataset to investigate the gender of the respondents. Findings revealed that 60% of respondents were male while 40% were female. Thus, most of the participants of the study are male in our study.

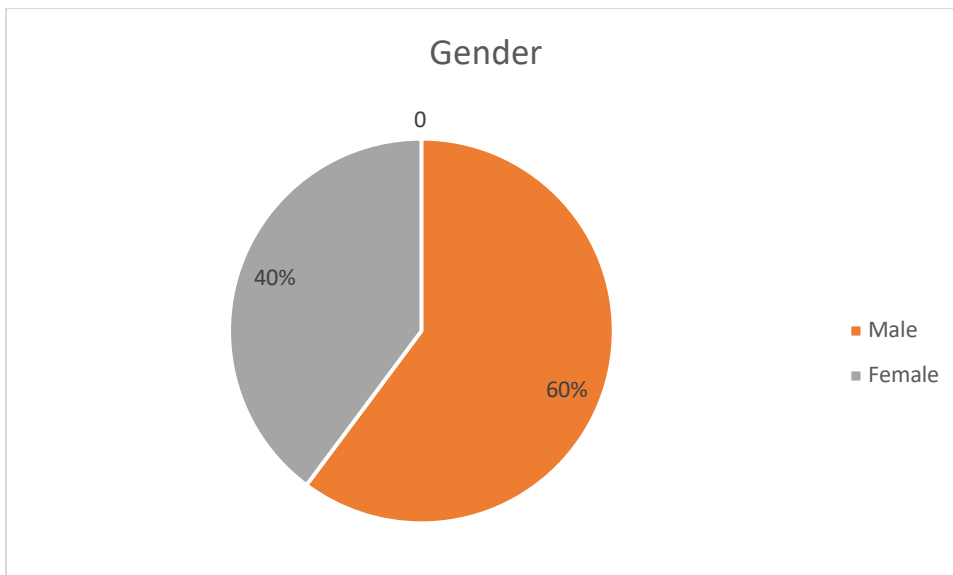


Figure 2 Gender of Respondents

4.2.3 Marital Status

The researcher found out that the age of the respondents revealed that 40% were married while 60% were single. As shown in Figure below. Thus, the majority of the participants are single.

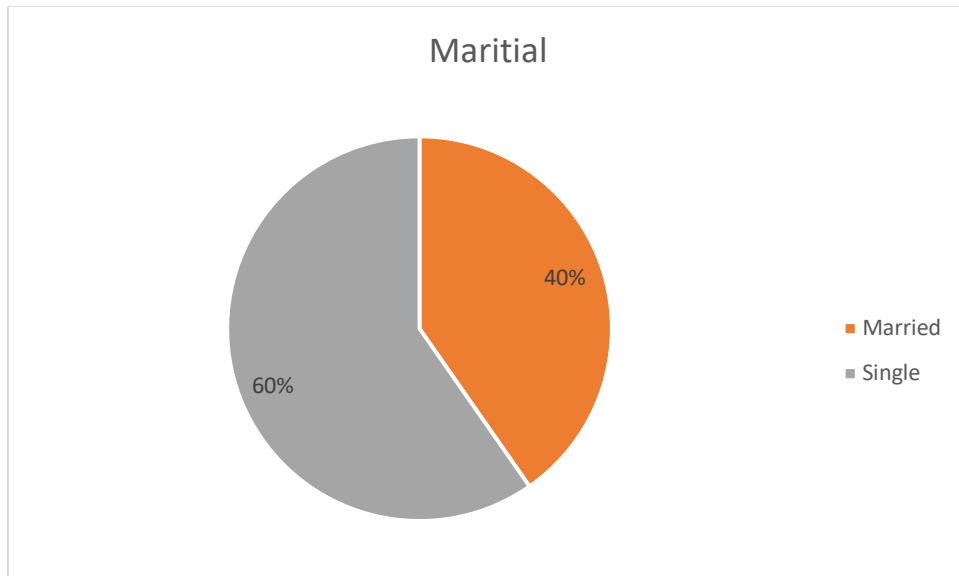


Figure 3 Marital status of respondents

4.2.4 Years in the Organization

The investigation revealed that 40% are 2 to 5 years in the organization while 10% are in the 6 to 10 years range and 40% have seen above 11 years in the bank's history. As shown in Figure below. Thus, most of the participants stayed 2 to 5 years and above 11 years in the organization.

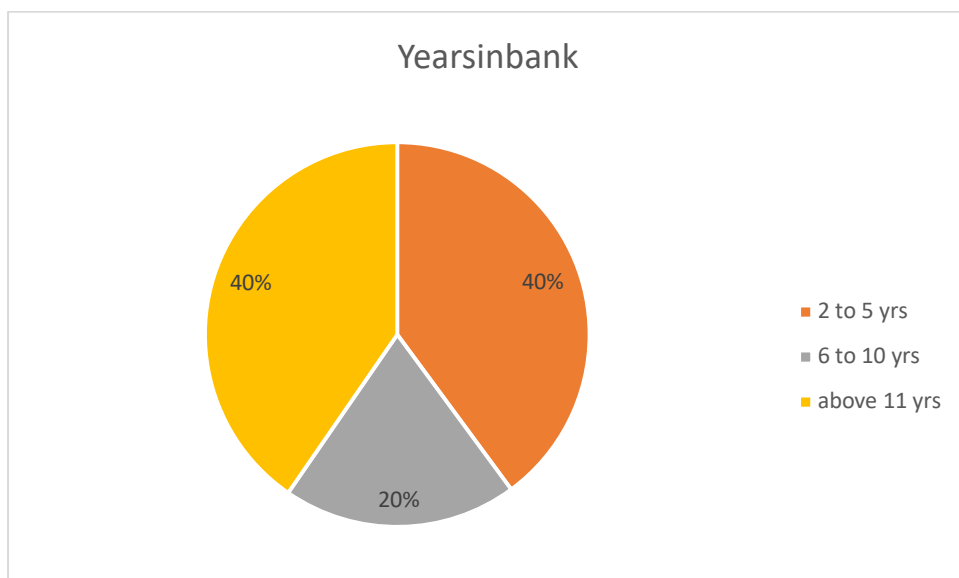


Figure 4 Years in bank

4.2.5 Level of Education

The results showed that the highest education earned by respondents were 60% master's degree while the rest 40 % had a degree only. Thus, most of the respondents have a post graduate education.

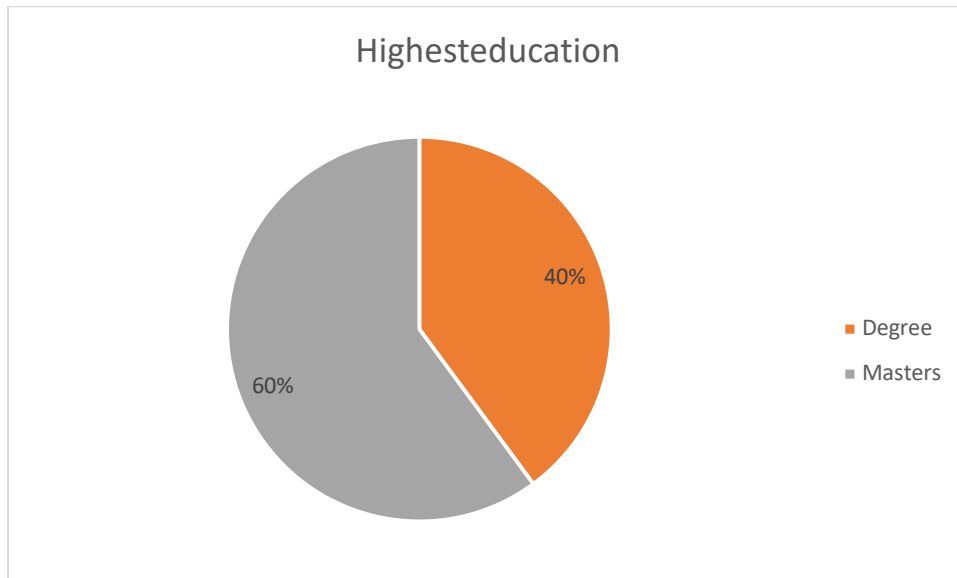


Figure 5 Highest education

4.2.6 Department in the Organization

The findings depict that 5% of the respondents were working in the other category (e.g., administration and international banking division) while 58% of respondents were working in customer service and 37% were working in marketing of the bank. Thus, most of the participants work at customer service.

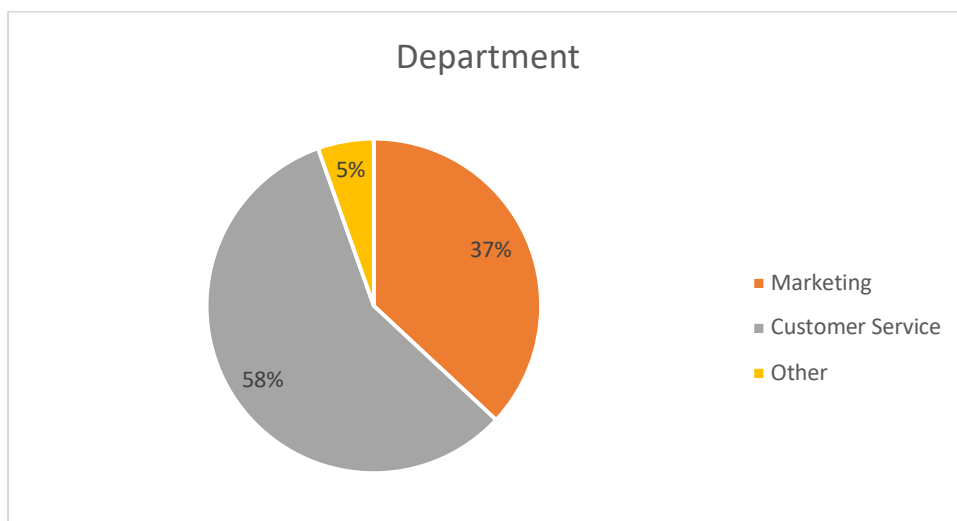


Figure 6 Department of respondents

4.3. Descriptive Statistics

The items measuring the constructs of this study were measured using a likert scale of 1 to 5, where 1 indicated strongly disagree, 2 indicated disagree, 3 indicated neutral, 4 indicated agree and 5 indicated strongly disagree. According to Moidunny (2009), a mean score of 1 to 1.80 is considered very low, 1.81 to 2.60 as low, 2.61 to 3.20 as medium, 3.21 to 4.2 as high and 4.21 to 5.00 as very high.

4.6.7 Advertising

Mean value above 4.2 is considered very high. The finding's mean value is above 4.2 for all questions which shows that most respondents agree that the bank is intensively advertised, attractively and frequently seen in advertising campaigns. This was expected a bank of such size.

Table 4 Advertising descriptive statistics

	N	Mean	Std. Deviation
Intensively advertised	203	4.5862	.54155
Frequently advertised	203	4.3842	.60538
Campaigns are attractive	203	4.6650	.48350
Valid N (listwise)	203		

4.6.8. Distribution Intensity

The finding's mean value is above 4.2 for all questions which shows that most respondents agree that the bank's branch are widely accessible with less difficulty in getting to branches. This is common for a bank of such size.

Table 5 Distribution Intensity descriptive statistics

	N	Mean	Std. Deviation
Widely available branches	203	4.3793	.48641
Less difficulty to get branch	203	4.3793	.49649
Valid N (listwise)	203		

4.6.9. Price

The finding's mean value is 3.8 which is between 3.21 and 4.2 for all questions which shows that most respondents agree that the bank offers low prices, best pricing for services, reasonably

and with the best value for money. This shows that the bank’s pricing strategy has room for improvement.

Table 6 Price descriptive statistics

	N	Mean	Std. Deviation
Lowest prices compared to competitors	203	3.7833	.41305
Best price for most services	203	3.7537	.43192
Price of the services are reasonable	203	3.9261	.26224
Consistently best value for money	203	3.9606	.19505
Valid N (listwise)	203		

4.6.10. Branch Image

The finding’s mean value is between 3.21 and 4.2 for 75% of the questions which shows that most respondents agree that the bank’s branch provides services for high quality, better lifestyle and offer variety of services. However, with mean value above 4.25, employees highly agree that the bank is a well-known brand.

Table 7 Branch Image descriptive statistics

	N	Mean	Std. Deviation
Provides services of high quality	203	3.8719	.33500
Provided better lifestyle	203	3.6207	.78284
The brand is well known	203	4.2512	.66819
Offers variety of services to customers	203	3.9261	.42152
Valid N (listwise)	203		

4.6.11. Branch Location

Table 8 Branch Location descriptive statistics

	N	Mean	Std. Deviation
Convenient parking of vehicles	203	4.2020	.74700
Easy to get in to this branch	203	4.2463	.51552
Valid N (listwise)	203		

The finding's mean value is above 4.2 for all questions which shows that most respondents very much agree that the bank's branch location is convenient and easy. This means that, according to BOA employees, customers can easily reach to their branches.

4.6.12 Transformational Leadership

The finding's mean value is above 3.01 for all questions on average which shows that most respondents are responded neutral towards the degree of practice of transformational leadership style in the bank. This shows the degree of practice of transformational leadership in the BOA is somewhere in the middle, not high nor low. Additionally, only few of respondents said that their leader lets them know that they are confident that the company's goal will be reached although this trait is considered to be extremely important in such businesses (Gundersen et al., 2012) .

Table 9 Transformational Leadership descriptive statistics

	N	Mean	Std. Deviation	Interpretation
Faith in Leader	203	2.9951	.89828	medium
Leader provide appealing images	203	3.3990	.80432	medium
Leader enables team to think new ways	203	2.3941	.80368	low
Leader gives attention to team member	203	2.7980	.98181	medium
Team members are proud of leader	203	3.3990	.49091	medium
Leader let team know confidence about goals	203	3.7980	.40246	high
Leader provides new ways of looking	203	2.3990	.49091	low
Leader helps develop strengths	203	2.7980	.98181	medium
Leader makes members feel good	203	3.1970	.75163	medium
Leader helps to find meaning in work	203	3.0000	.00000	medium
Leader gets team to rethink ideas	203	2.3990	.49091	low
Leader attentive to unique member concerns	203	3.2020	.74700	medium
Leader shows team optimistic future	203	3.3990	.49091	medium
Valid N (listwise)	203			

Table 10 Transformational Leadership Descriptive Statistics

	N	Mean	Std. Deviation
	Statistic	Statistic	Statistic
Leadership Combined	203	3.0136	.57206
Valid (listwise)	N 203		

4.6.12. Business Performance

a. Overall Business Performance

The business performance of the bank is agreeably high by most respondent according to the dataset which shows a result in 3.21 to 4.20 range. This is also true for both the financial and non-financial business performance measurements. Furthermore, the financial business performance received few neutral responses from employees. This may be due to the reason that the respondents were employee who also said their leaders don't let them know that they are confident that the company's goal will be reached.

The mean of the business performance parameters, as shown in the table 11 below, portrays that it has a reasonable value of 4. This indicates that the business performance of the company is good with a room for improvement considering that it is one of the oldest banks that has lasted for several decades. The tables below show the finding results from SPSS which are interpreted here.

Table 11 All Business Performance descriptive statistics

	N	Mean	Std. Deviation
Has High market share compared to competitors	203	4.0000	.00000
Is Increasing profit compared to competitors	203	4.1970	.39875
Is Increasing it's sales volume to current customers	203	4.1773	.38290
Has High Return on Investment	203	3.6650	.51330
Has high profit to sale ratio	203	3.6847	.71692
Is achieving it's financial objectives	203	3.8916	.59543
Customers are satisfied	203	4.0887	.34758
Customers receive value	203	4.0739	.32920

Customers receive what they want	203	4.1281	.38966
Valid N (listwise)	203		

Table 12 Financial Business Performance descriptive statistics

	N	Mean	Std. Deviation
Has High market share compared to competitors	203	4.0000	.00000
Is Increasing profit compared to competitors	203	4.1970	.39875
Is Increasing it's sales volume to current customers	203	4.1773	.38290
Has High Return on Investment	203	3.6650	.51330
Has high profit to sale ratio	203	3.6847	.71692
Is achieving it's financial objectives	203	3.8916	.59543
Valid N (listwise)	203		

Table 13 Non-Financial Business Performance descriptive statistics

	N	Mean	Std. Deviation
Customers are satisfied	203	4.1133	.31774
Customers receive value	203	4.0936	.29199
Customers receive what they want	203	4.1478	.35576
Valid N (listwise)	203		

4.3 Analysis and Discussion of Variables Relationship with Business Performance and their Interpretation

According to Cohen (1998), the correlation coefficient (r) ranging from 0.10 to 0.29 may be regarded as indicating a low degree of correlation, r ranging from 0.30 to 0.49 may be considered as a moderate degree of correlation, and r ranging from 0.50 to 1.00 may be regarded as a high degree of correlation.

4.3.1 Correlation Analysis

Table 14 Correlation table

		Correlations						
		Mean All BP	AdvertisingAvg	Destruction Intensity Mean	Price Mean	Branch Image Mean	Branch Location Mean	Leadership Mean
Mean All BP	Pearson Correlation	1	-.044	.318**	-.094	-.095	-.102	-.206**
	Sig. (2-tailed)		.537	<.001	.184	.177	.146	.003
	N	203	203	203	203	203	203	203
AdvertisingAvg	Pearson Correlation	-.044	1	.142*	-.058	.209**	.007	.035
	Sig. (2-tailed)	.537		.043	.408	.003	.923	.621
	N	203	203	203	203	203	203	203
Destruction Intensity Mean	Pearson Correlation	.318**	.142*	1	.025	.104	-.062	.207**
	Sig. (2-tailed)	<.001	.043		.722	.140	.380	.003
	N	203	203	203	203	203	203	203
Price Mean	Pearson Correlation	-.094	-.058	.025	1	.026	.026	-.040
	Sig. (2-tailed)	.184	.408	.722		.715	.715	.566
	N	203	203	203	203	203	203	203
Branch Image Mean	Pearson Correlation	-.095	.209**	.104	.026	1	.000	.092
	Sig. (2-tailed)	.177	.003	.140	.715		.999	.194
	N	203	203	203	203	203	203	203
Branch Location Mean	Pearson Correlation	-.102	.007	-.062	.026	.000	1	.050
	Sig. (2-tailed)	.146	.923	.380	.715	.999		.475
	N	203	203	203	203	203	203	203
Leadership Mean	Pearson Correlation	-.206**	.035	.207**	-.040	.092	.050	1
	Sig. (2-tailed)	.003	.621	.003	.566	.194	.475	
	N	203	203	203	203	203	203	203

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

*. Correlation is significant at the 0.05 level (2-tailed).

Finding in correlation analysis revealed that there is a significant, negative and weak relationship between leadership and business performance. This adds to the evidence that there is a strong link between the two (Jyoti & Bhau, 2015; Do et al., 2020). The nature of relationship is also similar to what Osborn and Marion (2009) showed that transformational leadership is linked to negative performance on the study of 473 distinct individual surveys. From the SPSS output it is seen that there is a negative relationship between business performance and advertising. The same indication was found for price, branch image and branch location. The finding indicated that the relationship is insignificant. This was not expected by the researcher.

However, there is a positive relationship between business performance and distribution intensity. The finding also shows that the relationship is significant. This positive relationship is quite common to see in Ethiopian commercial banks and enhances the result by Vorhies, Morgan, and Autry (2009) which investigated the effects of the firm's product-market strategy and marketing capabilities on market effectiveness and cash flow performance. It was discovered that distribution channel management and company performance had a beneficial association.

4.3.2. Tests of Assumptions

The same assumptions for linear regressions are required for interaction analysis. Which are as follows:

- Data must be approximately normal
- Data needs to show multicollinearity

Thus, we tested normality on SPSS, found that it needed to pass through normality test.

Kurtosis and Skewness Test

Table 15 Business Performance Descriptive Statistics

		Statistic	Std. Error
All Business Performance Mean	Mean	3.9896	.01717
	95% Confidence Interval for Mean	Lower Bound 3.9557	
		Upper Bound 4.0235	
	5% Trimmed Mean	3.9842	
	Median	4.0000	
	Variance	.060	
	Std. Deviation	.24464	
	Minimum	3.33	
	Maximum	4.78	
	Range	1.44	
	Interquartile Range	.44	
	Skewness	.089	.171
	Kurtosis	.065	.340

Calculating the skewness to its standard deviation ratio: $0.89/0.171 = 0.52$ which is between the desired z-value of between -1.96 and +1.96 (Carmer, D. 1998). Similarly calculating the Kurtosis to its standard deviation ratio: $0.065/0.340 = 1.91174$. Thus, the dataset of the dependent variable is a little skewed and kurtotic however, they don't differ significantly from normality.

Multicollinearity Test

To go through Moderator Analysis, the dataset needed to be checked for multicollinearity. The cut off value for tolerance is 0.10, where as a value of 10.0 or more is Variance Inflation Factor

(Pallat, 2010). This means that the Tolerance should be 0.10 or greater and VIF should not be greater than 10.0.

Analyzing the Tolerance and VIF yielded the above result as portrayed in the table below:

Table 16 Collinearity Statistics

		Coefficients ^a					Collinearity Statistics	
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4.312	.346		12.450	<.001		
	AdvertisingAvg	-.042	.036	-.077	-1.179	.240	.937	1.068
	Destruction Intensity Mean	.218	.036	.395	6.002	<.001	.929	1.077
	Price Mean	-.107	.059	-.115	-1.810	.072	.991	1.009
	Branch Image Mean	-.052	.037	-.092	-1.403	.162	.944	1.059
	Branch Location Mean	-.025	.027	-.060	-.949	.344	.991	1.009
	Leadership Mean	-.119	.028	-.279	-4.273	<.001	.946	1.057

a. Dependent Variable: Mean All BP

As depicted in the above result from multivariate collinearity test, it can be said that the VIF number of less than 10 which means that there is no correlation among the predictor and the remaining predictor variables, and hence the variance of the dataset is not inflated at all. The tolerance number is also greater than 0.10 thus, we can proceed to the Interaction Analysis and Multiple Regression.

4.3.2 Multiple Regression

The regression on table 19 shows the relationship of the independent variables (i.e. advertising, distribution intensity, price, branch image, branch location and transformational leadership) and business performance.

Table 17 Multiple Regression Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin-Watson
						F Change	df1	df2		
1	.460 ^a	.212	.188	.22046	.212	8.789	6	196	<.001	1.465

a. Predictors: (Constant), Leadership Mean, AdvertisingAvg, Branch Location Mean, Price Mean, Branch Image Mean, Destruction Intensity Mean

b. Dependent Variable: Mean All BP

The adjusted R-square value shows us that 18.8% of the dependent variable is explained by the independent variable (see table 17). From the Table 19, the study also indicated that the relationship between distribution intensity and business performance is statistically significant.

Table 18 Multiple Regression ANOVA

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.563	6	.427	8.789	<.001 ^b
	Residual	9.526	196	.049		
	Total	12.089	202			

a. Dependent Variable: Mean All BP

b. Predictors: (Constant), Leadership Mean, AdvertisingAvg, Branch Location Mean, Price Mean, Branch Image Mean, Distribution Intensity Mean

The coefficients table on SPSS resulted the following output which also confirmed the correlation analysis by indicating that only the distribution intensity has significant relationship with business performance with a positive beta value of 0.218. Table 19 also further depicts that distribution intensity and transformational leadership are the only statistically significant variables in the relationship. Both Correlation and Regression analysis on SPSS showed that there is no significant relationship between the marketing variables at BOA except for the distribution intensity with business performance; This was unexpected finding and perhaps future studies should examine the reason for this unexpected finding.

Table 19 Regression Coefficients

		Coefficients ^a											
Model		Unstandardized Coefficients		Standardized Coefficients		95.0% Confidence Interval for B			Correlations			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	4.312	.346		12.450	<.001	3.629	4.995					
	AdvertisingAvg	-.042	.036	-.077	-1.179	.240	-.113	.029	-.044	-.084	-.075	.937	1.068
	Distribution Intensity Mean	.218	.036	.395	6.002	<.001	.146	.289	.318	.394	.381	.929	1.077
	Price Mean	-.107	.059	-.115	-1.810	.072	-.223	.010	-.094	-.128	-.115	.991	1.009
	Branch Image Mean	-.052	.037	-.092	-1.403	.162	-.126	.021	-.095	-.100	-.089	.944	1.059
	Branch Location Mean	-.025	.027	-.060	-.949	.344	-.078	.027	-.102	-.068	-.060	.991	1.009
	Leadership Mean	-.119	.028	-.279	-4.273	<.001	-.174	-.064	-.206	-.292	-.271	.946	1.057

4.3.3 Interaction Analysis

To determine the interaction of transformational leadership with distribution intensity and business performance, let's employ moderator analysis. Since there is no significance

relationship with the marketing elements and the business performance except for distribution density, the researcher only used distribution intensity in this analysis.

Since the others are insignificant, the study merely conducted the interaction role of transformational leadership in distribution intensity. For distribution intensity variable, the role of transformational leadership as moderator is as follows:

Table 19 Interaction Analysis Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.454 ^a	.206	.194	.21966

a. Predictors: (Constant), lead_dis_interaction_centered, lead_centered, dis_centered

Table 20 Interaction Analysis ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.487	3	.829	17.181	.000 ^b
	Residual	9.602	199	.048		
	Total	12.089	202			

a. Dependent Variable: Mean All BP

b. Predictors: (Constant), lead_dis_interaction_centered, lead_centered, dis_centered

Table 21 Interaction Analysis Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.998	.016		253.309	.000
	dis_centered	.223	.036	.404	6.177	.000
	lead_centered	-.131	.028	-.307	-4.716	.000
	lead_dis_interaction_centered	-.170	.065	-.169	-2.624	.009

a. Dependent Variable: Mean All BP

Where DIntense = Distribution intensity(X) and
Leader = Transformational Leadership (W)

Figure 7 Transformational Leadership as moderator – Model Summary

The finding depicts that the overall conceptual model is fit and significant with a Sig. value of 0.009 as shown in the table above. While other studies have argued marketing, elements have a positive effect of transformational leadership on measures of performance, this study found that only distribution intensity have that effect. In addition, the finding also indicated that the relationship between Distribution Intensity and Business Performance is moderated by transformational leadership.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter summarize the results of the study in relation to the objectives of the study. It is subdivided into sections of summary, conclusion, recommendation section that explains the limitation and advises further research.

5.1 Summary

This research tried to determine the effect of strategic marketing elements on business performance and transformational leadership on business performance; thereafter, it studies the relationship transformational leadership and strategic marketing together has on business performance. To do this the researcher selected a sample of 203 employees from grade A branches of the bank and collected data through convenient sampling. In terms of demographics, majority of the respondents were above the age of 36, with 60% composed if male respondents and 60% of respondents were single. Majority of the respondents also spent above 6 years in the organization. The research then employed correlation analysis and interaction analysis after passing the data through several tests of reliability and normality. Their responses implied that the bank is sufficiently advertised with intensely distributed branches. They also implied that the bank has a good pricing strategy. Employees agreed that the bank has quality brand image and that the bank's branch location was easy and convenient. In regards to transformational leadership most employees of the bank disagreed that there is low leadership appeal, strength, new ways of doing things, rethinking and enabling environment by the leader; most respondents agreed that they are, on average, neutral to the degree of practiced transformational leadership style in the bank. According to the result, employees of Bank of Abyssinia agreed that the business performance is increasing in ROI, market share, profit, value and satisfied customers on sale of products and services by the bank.

Finding in correlation analysis revealed that there is a significant but weak relationship between transformational leadership and business performance. Although several advocates agree that there is a positive relationship rather than negative, this result adds to the evidence that there is a strong link between the two (Jyoti & Bhau, 2015; Do et al., 2020). The "bright side and the dark side" of transformational leadership, according to Tourish (2013), are two opposing perspectives.

On the other hand, there was a positive, moderate and significant relationship between business performance and distribution intensity. This shows that the more branches the commercial bank opens, it has a positive implication on business performance. From personal observation, there are dozens of new branches opening every now and then in Addis Ababa which can be recognized as a way of increasing business performance for the commercial bank. This result supports this strategy.

Contrary to the researcher's expectation, the research indicated that there is a negative, weak and insignificant relationship between business performance and the other components advertising, price, branch image and branch location in BOA. Further researches should investigate this result.

Furthermore, the relationship between distribution intensity and business performance is moderated by transformational leadership's. The analysis also showed that the overall conceptual model is fit and significant which is similar result as the study by Asrare-ul-haq and Kuchinke(2016).

5.2 Conclusions

From the findings and the corresponding discussions, the study drew the following conclusions. The study revealed that there is a negative and low degree of relationship between transformational leadership and business performance. This supports the study by Armstrong A., & MuenjohnN. (2008) which concluded that leaders' values are more important in driving ethical behavior among leaders, than the operationalization of the management practices

suggested by transformational leadership theory. Cultural context of the country and the people are another factor that needs to be put in consideration. On research done by Gizachew Tilahun, (2020), it was discovered that organizational performance and leaders' transformational leadership roles have a negative and statistically negligible association. Furthermore, according to Geyer, A. L. J., & Steyrer, J. M. (1998), core dimensions of transformational leadership are more strongly related to long-term than to short-term performance; thus, the finding of this study is in support of this literature. This result may also be due to the fact that commercial banks in Ethiopia are stable environment instead of a dynamic one; transformational leadership works well in dynamic environments. Overall, this study contributes to the debates and issues on similar studies. Nevertheless, the relationship between the transformational leadership and business performance were significant.

Similarly, this research depicted that there is non-significant relationships between the other marketing strategy variables and business performance. Besides, the findings revealed that there is a positive relationship between business performance and distribution intensity. The analysis also showed that the relationship is regarded as moderate and significant. This supports a study done on Nigerian banks by Funsho Tajudeen Kolapo, Joseph Oluseye Mokuolu, Samuel Obafemi Dada and Adeola Oluwakemi Adejayan (2021).

The research also showed that relationship between the other strategic marketing variables of branch image, price, advertising and branch location were insignificant. This is contrary to what other researchers claim Louter, Ouwerkerk, and Bakker (1991). The researcher did not expect this result and so the outcome was not anticipated. Further investigation will be needed to enhance the result interpretation of this finding.

The moderator analysis revealed that distribution intensity has an effect on the business performance; moreover, the study also indicated that the relationship between distribution intensity management and business performance is moderated by Transformational Leadership. This further supports the study by Asrare-ul-haq and Kuchinke(2016) which

revealed that there exists a significant relationship between transformational leadership and employee performance outcomes.

The study contributes, perhaps for the first time, to the literature on moderating role transformational leadership by revealing the strategic role of transformational leadership style on the relationship between strategic marketing and business performance in the case of an Ethiopian commercial bank.

5.3 Recommendations

After the presentation and discussion of findings plus the conclusions derived there from, the study ends with making recommendations and suggestions for further studies. The following recommendations were made based on the findings of the literature review and the findings of the data analysis to improve Bank of Abyssinia's business performance:

- Since Bank of Abyssinia uses transformational leadership to moderate degree, the management and board should also explore using more of other leadership styles as the study shows that there is low degree of relationship with business performance. Thus, it is advised for Bank of Abyssinia management team to utilize transformational leadership to a less degree.
- It is advised that the bank increase the distribution intensity of the branches when scaling geographically as there is a significant and positive relationship to its performance.
- To increase business performance the bank is also advised to focus more on distribution intensity and leadership style as these have significant relationship with business performance than other variables. Thus, an improvement in this two is likely to enhance performance.
- Overall the study indicated that marketing strategy in distribution intensity has a positive effect on business performance. This is also positively moderated by

transformational leadership style. Thus, the bank's marketing and management team should be aware of the significant moderating relationship of transformational leadership and utilize it to enhance their performance.

5.3.1 Limitation of the Study

The study collected data from employees of Bank of Abyssinia S.C. This inherently means that the customer's point of view is omitted in the research; since it is assumed that customer's point of view plays a big role in strategic marketing it is necessary to consider their view for decision making. The exclusion of grades other than A grade branches also is another limitation of this research that limits the insights generated.

5.3.2 Suggestion for future research

This study included only five strategic marketing factors, there could be other relevant factors that may be perceived as important by executives at commercial banks such as the Bank of Abyssinia S.C, but those were excluded from this study. It also focused on the transformational leadership style's strategic role; it did not examine the role of other leadership styles' interaction on the relationship between strategic marketing with business performance. Future researches, therefore, may consider more factors like organizational culture, communication, decision-making and others. It would be worthwhile to conduct further study with the employees and customers of the bank using some open-ended questionnaire and interview to determine their real opinions.

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Appendix: Questionnaire

A study on The Effect of Marketing Strategy on Business Performance and The Moderating Role of Transformational Leadership in Their Relationship: A Case Study on Bank of Abyssinia S.C

This questionnaire is prepared by student in Addis Ababa University School of Commerce Graduate Leadership Program and it assists in data collection for academic purpose. The research intends study and provide analysis on the relationship between strategic marketing and transformational leadership on business performance. All information obtained will be handled with high level of confidentiality. Please do not incorporate identification or names in this questionnaire.

Questionnaire

Please answer every question by using either a cross(x) or tick (√) in the option that applies.

SECTION A: RESPONDENT'S PROFILE

Please tick the most appropriate answer (√/x)

Age

- 25 and below (1)
- 26-30yrs (2)
- 31-35yrs (3)
- 36-39yrs (4)
- Above 40yrs (5)

Gender:

- Male (1)
- Female (2)

Marital status:

- Married (1)
- Single (2)
- Widowed Divorced (3)

Number of years worked in the bank

- Less than one year
- 2-5 years
- 6-10 years
- above 11 years

Which is your highest education level?

- Certificate
- Diploma
- Degree
- Masters
- PhD

Which department of the organization do you work in?

- Marketing
- Finance
- Customer Service
- Other

SECTION B

All items are measured on a scale of 1- 5 , where 1 is strongly disagree and 5 is strongly agree

Advertising

		1	2	3	4	5
1	Bank of Abyssinia is intensively advertised.					
2	The advertising campaigns for Bank of Abyssinia are frequently seen.					
3	The advertising campaigns for Bank of Abyssinia are attractive					

Distribution Intensity

		1	2	3	4	5
1	The branches of the Bank of Abyssinia are widely available as compared to its competing banks					
2	I face less difficulty in getting to the branches of the Bank of Abyssinia as compared to others					

Price

		1	2	3	4	5
1	The bank of Abyssinia offers the lowest prices for its services compared to the competitors					
2	The bank of Abyssinia maintains the best prices for most services					
3	The prices of the services of the bank if Abyssinia are reasonable					
4	The bank of Abyssinia consistently provides the best values for money					

Branch Image

		1	2	3	4	5
1	The bank of Abyssinia provides services of high quality					

2	The bank of Abyssinia provided me a better lifestyle					
3	The bank of Abyssinia is a well-known brand					
4	The bank of Abyssinia offers variety of services to its customers.					

Branch Location

		1	2	3	4	5
1	The branches of the bank of Abyssinia provides convenient parking of vehicles to their customers					
2	It is easy to get into this branch of the bank of Abyssinia					

Leadership

		1	2	3	4	5
1	Team members have complete faith in the leader					
2	The leader provides appealing images about the company to the team					
3	The leader enables team members to think about old problems in new ways.					
4	The leader gives personal attention to a team member who seems neglected.					
5	Team members are proud of being associated with the leader .					
6	The leader lets his/her team know that he/she is confident that the company goals will be achieved.					
7	The leader provides team members with new ways of looking at puzzling things.					
8	The leader helps each member of the team to develop his/her strengths.					
9	The leader makes the team members feel good to be around him or her.					
10	The leader helps team members find meaning in their work.					
11	The leader gets team members to rethink ideas that they had never questioned before.					
12	The leader is attentive to the unique concerns of each team member.					
13	The leader shows my team that I am optimistic about the future of the project.					

Business Performance

		1	2	3	4	5
1	Our bank has high market share compared to our competitors					
2	Our bank is increasing its profit compared to our competitors					

3	Our bank is increasing its sales volume to current customers					
4	Our bank has High return on investment					
5	Our bank has High profit to sale ratio					
6	Our bank is Achieving its financial objectives					

Non-Financial Business Performance

		1	2	3	4	5
1	Our bank's customers are satisfied					
2	Our bank's customers receive value					
3	Our bank's customers simply receive what they want					