



**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
EMBA PROGRAM**

Thesis on:

**The Mediating role of Organizational Commitment on the relationship between
Leadership Styles and Employee Engagement: the case of Dashen Bank S.C.**

**Prepared for Partial Fulfillment of the Degree of Executive Master of Business
Administration [EMBA]**

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June, 2020

Declaration

I, Tadiyos Tesfaye, hereby declare that this thesis entitled: *The Mediating role of Organizational Commitment on the relationship between Leadership Styles and Employee Engagement: The case of Dashen Bank SC* is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted in Addis Ababa University or any other institutions. Now, it is offered for the award of the degree of Executive Master of Business Administration from Addis Ababa University.

Tadiyos Tesfaye

Signature

Date

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This is to certify that this study entitled: *The Mediating role of Organizational Commitment on the relationship between Leadership Styles and Employee Engagement: The case of Dashen Bank SC* was undertaken by Tadiyos Tesfaye for the partial fulfillment of Executive Masters of Business Administration at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University. Now, it is submitted for examination with my approval as a thesis.

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Research Advisor

Signature

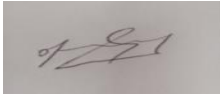
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Statement of Certification of Originality and Quality

This is to certify that the thesis prepared by Tadiyos Tesfaye entitled: *The Mediating role of Organizational Commitment on the relationship between Leadership Styles and Employee Engagement: The case of Dashen Bank SC* was submitted in partial fulfillment of the requirements for the degree of Master of Executive Business Administration complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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Acknowledgments

First, I am grateful to Almighty God for keeping his eyes on me, giving me health, strength and firmness to continue and finish this study.

I am also grateful to my advisor, Dr. Lakew Alemu, for his endless support and assistance throughout the duration of this thesis. He has been a continual font of ideas, stimulating suggestions and pushing me to my limit all the time. I have learnt a lot from him about all aspects of carrying out a research and writing a thesis. Your unreserved support starting from selection of title to the end of the study was commendable. Thank you very much indeed Dr. for bringing this study in to reality.

I would like to take this opportunity to thank all respondents, staff of Dashen Bank SC, who have provided their supports and cooperation during the survey.

It is also with great pleasure to thank my dearest life partner; Mirchaye Mulugeta, there is no one else I would rather have in my corner and hence your “all-inclusive” support was very instrumental. Thank you very much my wife!

Last but not least, I would like to express my deepest gratitude specifically to my friends and to all who gave me the possibility to complete this program.

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Acronyms

ANOVA - Analysis of Variance

CIPD - The Chartered Institute of Personnel and Development

DB - Dashen Bank

Df - Degree of Freedom

DV - Dependent Variable

GC - Gregorian calendar

HR - Human Resource

IV - Independent Variable

MLQ - Multifactor Leadership Questionnaire

MV - Moderating Variable

SC - Share Company

SET - Social Exchange Theory

SPSS - Statistical Package for Social Science

UWES - Utrecht Work Engagement Scale

VIF - Variance Inflation Factor

V.20 - The 20th Version

Abstract

The objective of this study was to analyze the Mediating role of Organizational commitment on the relationship between Leadership Styles and Employee Engagement: The case of Dashen Bank SC. To achieve objectives of the study, established questionnaires were adapted from previous research works. Descriptive and explanatory research design was used to quantitatively analyze the relationship between the study variables. Stratified random sampling technique was used to select data from five strata of Head Office and District Offices residing in Dashen Bank SC Addis Ababa area. Based on valid data collected from 324 employees of Dashen Bank SC, and from the overall analysis, it was established that transformational and transactional leadership styles have positive and statistically significant effect on employee engagement. However, laissez-faire leadership style by itself do not have significant effect on employee engagement. Organizational commitment has a positive and significant effect on employee engagement as evidenced by the study. In addition to that the three leadership styles considered in this study have a positive and significant effect on organizational commitment. Finally, the paper concludes organizational commitment partially mediates the relationship between transformational & transactional leadership styles and employee engagement, whereas organizational commitment fully mediates the relationship between laissez-faire leadership style and employee engagement.

Key words: Dashen Bank SC, Transformational Leadership, Transactional Leadership, Laissez-Faire Leadership, Organizational Commitment, Employee Engagement, Mediation

Chapter One

1. Introduction

This chapter is an introductory chapter for the study which introduces the overall study. It consists of background, statement of the problem, research questions, objectives, significance, scope and organization of the study. Each of these sub topics are discussed in detail under the first chapter.

1.1. Background of the Study

In the current highly competitive business environment, employees are the most important asset of an organization as they are the ones that determine the success or failure of the organization. With the stiff competition in the marketplace, organizations have put high emphasis on human capital or talent management (Robert J. 2006). Organizations that realize the importance of their employees have come out with various strategies and policies to ensure that their well-being is taken care of and they become engaged in their work (Robert J. 2006). Human Resource Management has been given the top priority to ensure that the right talent is selected and recruited. Besides, various strategies have been devised and implemented to ensure that employees are fully developed and optimized to gain the highest level of productivity. To ensure that the talent is retained, fair remuneration and promotion is implemented.

Although all these strategies seem to be adequate to motivate and retain the human capital with the organizations, in some instances they are not sufficient to make them engaged with the organizations (Abdul K. O. and Muhammad I. H. 2017). The challenge today is not only retaining talented and skilled manpower but also it requires fully engaging them, making them passionate and fond of to their company. These days, the concept of 'employee engagement' is gaining momentum because of its significant impact on employee outcomes and organizational effectiveness (Rasheed, Khan and Ramsan, 2013; Saks, 2006).

Employee engagement was first introduced by Kahn (1990). He defined employee engagement as 'the utilization of employees to their work roles such that they employ and express themselves physically, cognitively, and emotionally during their job role performance.' According to his definition, we can say that employees are engaged when they are physically associated with, cognitively attentive and emotionally attached to their job. Moreover, Schaufeli, Salanova, González -Romá& Bakker (2002) defined employee engagement as 'a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.'

Researchers proved that employee engagement has a significant effect on employee retention, productivity and organizational success (Harter, Schmidt, Agrawal, Plowman, Blue, 2016; Rich, Lepine and Crawford, 2010). In order to gain competitive advantage, organizations are considering employee engagement as their major agenda in their day to day operation. Therefore, to increase level of employee engagement and in turn increase organizational profitability; it is important to undertake research on the factors that actually drive employees to perform their level best. These days, organizations conduct employee engagement surveys periodically to identify drivers of employee engagement so that they can design intervention strategies to increase employee engagement level, which in turn increases the productivity, efficiency and retain best talent within the organization (Anuar, 2019).

Leadership styles are expected to play a significant role in affecting employees' attitudes. For that matter, leadership styles are suggested to be the determinant of employee engagement. Definitely, leaders are assigned as agents trusted by the organization to reinforce and instill the sense of purpose and meaning among the community of their followers (Avolio & Bass, 2004). Appropriate leadership is needed to facilitate employee engagement and increase productivity. The leaders influence employees to be aware of essential matters that will let them see a new perspective on the challenges they face (Avolio & Bass, 2004). Effective leadership, employee engagement and organizational commitment are important in any organization. The quality of service, irrespective of whether it is production or customer

service can only be determined by how much commitment and motivation employees have derived from their current profession.

This study will try to investigate the influence of leadership styles on employee engagement by considering the mediating role of organizational commitment. Therefore, the study intends to contribute to the literature on the existence of mediation by the factor of organizational commitment on the relationship between independent variable of leadership styles and dependent variable of employee engagement. It is also expected to shed light on the importance of adapting the best leadership style to witness the needed level of employee engagement given organizational commitment. The contribution will be made after considering the case of Dashen Bank SC as data source.

1.2. Statement of the Problem

Highly engaged employees are top rated asset and they love working in their organization. In addition, they help and inspire other employees and therefore, create better atmosphere in the whole organization (Smith 2014). Engaged employees work harder, are passionate about their job and go extra mile. They are active and provide constructive feedback. Engaged employees respect their managers and colleagues (Nolinske 2014). Based on the above explanation engaged employees are the corner stone for the existence and fruitfulness of an organization.

Nowadays, organizations are investing in policies and procedures that promote employee engagement (Graton, 2000). Leaders in organizations should cultivate engagement since disengagement leads to lack of motivation. In addition to that lack of motivation makes employees to exit from the organization, developing sick-ling behavior, be discouraged, and may, to some extent, encourage others to behave against the organization's ways (MASESE J. N. 2017). To prevent such damage of critical resources of the organization, it is critical for leaders to get employees engaged.

Many of the previous studies have suggested a positive direct relationship between leadership styles and employee engagement. According to Aon Hewitt's (2013) leaders play

an important role in employee engagement and becoming a best employer company. Ghadi et al., (2013) in their study based on a sample of 530 full-time employees explored the mediating influence of meaning at work on the relationship between transformational leadership and work engagement. The results revealed that the transformational leadership style influences followers' attributes of work engagement. In addition to that Avolio (2004) discovered that transformational leader is generally associated with employee engagement.

A study conducted in the service industry in Vietnam concluded that inclusive leadership style was positively related with employee engagement and organizational commitment mediate the relation between these two variables (Choi, S. B., Tran, T. B. H., & Park, B. I. 2015). Furthermore, Abdilahi, M. E., (2016) studied the effect of leadership styles on employee performance in Dashen Bank by taking a sample of 159 employees working at Head Quarters excluding top management and security guards and he generally concluded that there is a weak link between the leadership style and employee performance in Dashen Bank.

Hussien, N. (2017) also done his research on factors affecting employee engagement in Dashen Bank and found out that there is significant difference in engagement between genders, and further supervisory support, reward & recognition, job characteristics and organizational justice were found to have the highest effect on employee engagement in Dashen Bank. In addition to that the study concluded that there exists employee engagement in Dashen Bank.

As discussed in detail in the literature part of this study, there are studies undertaken on the relationship between leadership styles and employee engagement at various times taking different case studies. Furthermore, there exist many empirical studies that found relation between leadership styles and organizational commitment. In addition to that I found many research works done assessing the relation of employee engagement and organizational commitment. So far, however, since I couldn't find any, there are no studies regarding the mediating role of organizational commitment on the relationship between leadership styles and employee engagement generally in Ethiopia and particularly in the banking industry. On the strength of my effort, I can say that there exists a gap in knowledge regarding the

construct of these three variables at a time globally as well. Thus, to fill such gap more academic research that focuses on the relation of the above mentioned three variables is very essential and this work is part of the contribution.

Therefore, considering the noted gap, this study is interested to see the mediating impact of organizational commitment on the relationship between leadership styles and employee engagement, by taking Dashen Bank S.C. as a case study company.

1.3. Research Questions

The key research questions are:

- 1) What is the relationship between leadership styles and employee engagement in Dashen Bank SC?
- 2) What is the relationship between organizational commitment and employee engagement in Dashen Bank SC?
- 3) What is the relation between leadership styles and organizational commitment in Dashen Bank SC?
- 4) Does organizational commitment mediate the relationship between leadership styles and employee engagement in Dashen Bank SC?

1.4. Objective of the Study

The general objective of the study is to determine the effect of leadership styles on employee engagement; and if organizational commitment has a mediating role on the relationship between leadership styles and employee engagement in case of Dashen Bank SC. The specific objectives are:

- To examine the effect of Leadership Styles on Employee Engagement in case of Dashen Bank SC.
- To examine the effect of Organizational Commitment on Employee Engagement in case of Dashen Bank SC.

- To examine the effect of Leadership Styles on Organizational Commitment in case of Dashen Bank SC.
- To examine the Mediating role of Organizational Commitment on the relationship between Leadership Styles and Employee Engagement in case of Dashen Bank S.C.

1.5. Significance of the Study

As to the researcher's knowledge, there are no previous studies conducted on the mediating role of organizational commitment on the relation between leadership styles and organizational commitment in Ethiopian banking context in general. Therefore, the study can serve as a baseline and secondary source of data for those who want to pursue further study in this specific area.

The results of the study also have practical significance by serving as an input for Dashen Bank's decision makers (leaders) while devising policies that enhance employee engagement in Dashen Bank SC. In addition to that the result of this study can be consumed by the management to decide on the type of leadership style to be manifested in Dashen Bank to realize employee engagement.

1.6. Scope of the Study

The scope of this study is examining the relationship between leadership styles and employee engagement and the relationship between leadership styles and organizational commitment. Moreover, to see the effect of organizational commitment on employee engagement. In addition to that the study further tried to investigate existence of a mediating role by organizational commitment on the relationship between leadership styles and employee engagement.

The study is conducted at Dashen Bank SC taking staff found in Addis Ababa, at Head Office, District Offices and Branches.

1.7. Organization of the Study

This study contains five chapters;

Chapter One: “Introduction”. This chapter provides an overview of the background to this study. It presents the introduction, statement of the problem, significance of the study, research questions and objectives.

Chapter Two: “Literature Review”. This chapter discusses the theoretical backgrounds of leadership styles, organizational commitment and employee engagement. Moreover, the chapter focuses on definition of the three variables, process and techniques to reflect the specific interest of this study. Finally, this chapter ends by discussing the conceptual framework of the study.

Chapter Three: “Research Design and Methodology”. This chapter introduces the theoretical assumptions underpinning the methodological procedures that were employed to conduct this research. Therefore, the chapter discusses method of data collection and justifies the chosen research methodology and design. Furthermore, this chapter presents a profile and justification of the samples and participants. Details of data collection and analysis approaches are highlighted.

Chapter Four: “Data Analysis, Interpretation and Discussion”. This chapter presents the data analysis of the study responded by participants. The chapter covers the interpretation part of the analysis and further discussion therein.

Chapter Five: “Summary of Findings, Conclusion and Recommendations”. The aim of this chapter is to present the finding summary and conclusion of the study. Furthermore, the chapter ends by proposing areas for future studies.

Chapter Two

2. Literature Review

This chapter mainly focused on three major points. The first part tried to summarize what theoretical literatures have said about leadership styles, organizational commitment and employee engagement and their relationship in general. The second part focus on summarizing what researches studied and concluded about the relationship between leadership styles and employee engagement, the relation between leadership styles and organizational commitment. The third and final part is about the developed conceptual framework for this study on the base of the reviewed literatures and the research questions.

2.1. Theoretical Review

2.1.1. Overview and Definition of Leadership

Getting a single and all-inclusive definition for leadership is challenging. The concept of leadership is being used differently in various universities by different scholars. That is why getting a single and all-inclusive definition for leadership become challenging, as a result we are getting multiple definition for the word “leadership”. The number of definition for “leadership” is almost equivalent to the number of scholars who are trying to define it. (House and Aditya, 1997; Yun et al. 2006; Alas, Tafel, and Tuulik, 2007, Stogdill) This makes to have a different conceptualization towards leadership as many as the number of scholars. Since every interested person is defining the term “leadership” as per the context of his/her interest, getting the right definition is almost impossible (McCleskey2014).

Under any circumstances, irrespective of ownership, formation (formal or informal), and scale, leadership is one of the key issues in organizations (Green, A. E., Miller, E. A., & Aarons, G. A. 2013). Leadership as a soft skill quality of leaders, performance of any organization largely depends on leadership skill of its leaders. The concept defined by different scholars from different aspects since it exists in all social, economic and political arenas. Leadership is one of the most observed but the least uniformly understood concept on the ground, since different scholars gave different definition to it (Daft 2003).

Leadership can be defined as creating an excitement on followers to share and implement leader's vision and values so as to deliver up to the expectation (Zeitchik2012). According to Vijayarafavan (2014) quality leadership is expected to streamline teams' activities, motivate participants, create all-inclusive collaboration, ascertain efficient resources utilization, gear members towards a single behavior and uplift their confidence. The achievement of organization goals needs having fully aware, motivated and committed followers. In this regard, those democratic and employee centered leaders, participate their followers in decision making process, support them to satisfy their ego and delegate power to their followers as and when required (Arifinetl, 2014). It is argued that leadership is being challenged by the level of followers' understanding of their leader's interests (Arifinetl, 2014). Persuading followers to follow-suit leader for certain defined goals and values is defined as leadership (Burns 1978).

Any definition of the term "leadership" to be acceptable, the definition is expected to address any changing circumstances, to be versatile and valid in terms of the reality and theoretical dimensions (Avery, 2004). But most of the definitions are ambiguous and varied and hence impose challenges in passing a well informed decision by leaders. In trying to understand leadership, scholars have intentionally broken the concept of leadership into sub parts (like the aspect of decision making, information gathering etc.) to reduce ambiguity therein (Vroom and Yetton, 1973). Yet many intellectuals opt to focus on every leaders or specific strategic leadership style and few of them try to balance the two (House and Aditya 1997; Avery, 2004). These different approaches created some challenges in defining leadership, as stated hereunder.

The first challenge is that most approaches are based on subjective preferences for including or excluding certain elements or levels of analysis from the concept (Campbell, 1977; Fairholm, 1998). This has resulted in an over-emphasis on certain approaches to studying leadership, such as the trait, behavioral, contingency, and visionary or charismatic approaches that have been identified as prominent in the leadership literature (House and Aditya, 1997).

The second challenge is that researchers fall prey to social constructions of leadership. They claimed leadership is a rare skill, leaders are born with special traits, leadership exists mainly at the top of an organization, and effective leaders command and control others (Bennis and Nanus, 1985). However, it is obvious that such leader cannot continue to exist in today's dynamic and complex organizations, no matter how gifted and talented. Rather, leadership is a distributed phenomenon, occurring in different parts of an organization, not only emanating from the top (Avery, 2004).

The third challenge is that researchers frequently overlook that leadership is not vested in characteristics of leaders, but is often attributed to them by followers (Meindl, 1998). This means that leadership involves specific behaviors, traits, characteristics, and results intended by leaders, since followers took these features for-granted (Lord and Maher, 1991). This view confirmed that leadership and followers' perceptions are going together (Meindl, 1998). Therefore, effective leadership demands association between leaders' and followers' ideas, yet considering followers' ideas is being left out from definition of leadership (Drath2001).

2.1.2. The Most Common Leadership Styles and Their Features

The definition of leadership style has been used widely. Hersey and Blanchard (1981) defined: leadership style is a leader's consistent patterns of behavior exhibited and same perceived by followers when the leader attempt to influence them. Leadership style is also defined as a technique that the leader uses to achieve the goal of organization (Stojkovic, Kalinich, & Klofas, 2003). Casimir (2001, p. 246) defines leadership style as *"a pattern of emphases, indexed by frequency or intensity of specific leadership behavior or attitudes, which a leader places on the different leadership functions"*. This study focuses on three most common leadership styles, i.e. transformational, transactional and laissez-faire leadership styles.

2.1.2.1. Transformational Leadership Style

Transformational leadership is defined as a leadership style which is positively linked with follower engagement and commitment (Xirasager,2008). Transformational leaders, through creating a blame-free environment and building trust in leader, influence followers to go

beyond their self-interest for betterment of the organization (Xirasager,2008). According to Avery (2004), a leader that create a working environment that motivates and coined a vision which can embrace followers' personal vision is claimed to be a transformational leader. Transformational leaders are expected to be future oriented, motivators of their followers and exceed expectation in achieving stated goals (Bass, 1985; Kantabutra, 2003).

Transformational leadership style feature, among others, are visionary, positive minded, inspirational, trustworthy, solution giver, farsighted, good communicator and participatory in team work (Bass, 1985; Kantabutra, 2003). Since, transformational leaders focus on the big picture instead of emphasizing on each employee's individual goals, it fits best to those teams working without close supervision of the leader (Kantabutra, 2003). The theory of transformational leadership comprised of idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Antonakis J., Avolio,B.J, and Sivasubramaniam, 2003).

Transformational leaders believe that they need input from followers before making the final decision, hence such leaders participate and discuss with followers, which intern empowers them (Avery, 2004). According to Burns (1978), transformational theory prone leaders lead their followers by influencing them to deliver more than their primary believed capacity. In addition to that transformational leadership and positive result is associated each other as stated by Pounder (2008). This association resulted in followers to accept their transformational leaders positively in every aspect. Transformational leadership is also characterized as creating commitment to corporate statements by followers and seamlessly running major changes in the organization (Yukl, 1989).

Recognizing most literatures' positive acceptance of visionary leadership, it has got its own limitations. Among others, the limitations are exaggerated expectation by followers on their leaders and yet if things going on the other way round, the disappointment will be massive. On the other hand, considering everything controlled under the domain of the leader, follower develop a dependent mentality on their leader (Westley and Mintzberg, 1989,

Collins, 2001). Hence, according to Avery existence of such limitation opened the room for search of a different leadership style.

2.1.2.2. Transactional Leadership Style

Transactional leadership, also named as managerial leadership, focus on managerial functions and final results. Under transactional leadership style, followers' compliance to leaders' interest is ensured through prize and penalties, keeping status quo emphasized instead of long term benefit, and it fits to effectively fix emergency situations (Odumeru & Ogbonna, 2013). As a result, transactional leadership tends to be short-lived (Mcclaggan, Bezuidenhout, and Botha, 2013).

Transactional leaders and followers interact and negotiate agreements and that is essential for the leader to have the power to reward followers and getting involved only with issues that need the leader's attention (Bass and Avolio, 1994, Avery, 2004). Transactional leaders focus on followers' needs and motives, then clarify how these needs and motives will be satisfied through clarifying the requirements and consequences (Bass 1985).

Under transactional leadership, leaders launch and followers accept a predefined prize for good did and coercive measures for than otherwise (Bass, Jung, Avolio, and Berson, 2003; Avery, 2004; Kirkbride, 2006). Moreover, transactional leaders are focused on mentorship, instruction and training to achieve goals and enjoy the rewards. While this type of leader is great for organizations or teams tasked with hitting specific goals, such as sales and revenue, it's not the best leadership style for driving creativity (Bass, Jung, Avolio, and Berson, 2003; Avery, 2004).

Generally, transactional leadership depends largely on the leader's skills, confidence of the leader in the selected direction, and on getting some cooperation from the followers. In addition to that such leaders use their interpersonal skills to direct, control and teach followers (Drath, 2001). The emphasis of transactional leader is to maximize an immediate needs and hence focusing on long term is not an urgent issue even though holding the future view (Avery, 2004). In transactional leadership style, the leader obtains more information

and ideas, and followers can be developed and have their personal needs considered (Avery, 2004).

Like transformational leadership style has, transactional leadership style has its own limitations. First, followers can perceive the monitoring characteristic of transactional leadership as constraining, lowering their likelihood of contributing to organizational objectives. Second, when massive commitment is expected from followers in case of swift change and uncertainty, transactional leadership becomes limited (Bass, 1990; Drath, 2001). Third, a transactional leader mostly focuses on short term impact up on making any decisions (Avery, 2004).

Transactional leaders offered rewards or impose punishments to gain compliance (Kirkbride, 2006). With transactional leadership, followers do not want to perform beyond expectations (Robinson, 2007). This type of leadership consists of constructive and corrective transactions. Constructive transactions clarify expectations whereas corrective transactions create desired change. According to Bass and Avolio (1994) and Lai (2011), the theory of transactional leadership involves three distinct dimensions:

- i. the use of contingent rewards, which implies that leaders reward followers in exchange for achieving a performance levels
- ii. management by exception – active in which followers are being monitored based on their performance instantly
- iii. management by exception – passive in which followers are not being monitored instantly unless they cause problem or deviation

2.1.2.3. Laissez-Faire Leadership Style

The above two types of leaders are characterized as an active participants and solution givers under the domain of their respective approach. Laissez-faire leadership is being considers as inactive participant and slow in problem solving in relation to the previous two leadership styles (Bass, 1990). In other words, laissez-faire leadership is being characterized as a clear passive, freedom giver to followers and hand-offs via full delegation leadership style (James

& Collins, 2008; Avolio, 2004; and Bass, 1990). It is almost leadership and decision is not being there upon need.

Laissez-faire leader will not take a systematic approach and take action after problems become conditions that must be addressed through corrective actions (Bass & Avolio, 2004 and Hamidifar, 2009). Such leadership style will have unnecessary impact on followers as opposed to transformational and transactional leadership styles. Laissez-faire leadership style is characterized by slicing down the role of the leader, massively passive, avoid giving feedback, delay decision making and creating huge room for employee via staying away from (Northouse, 2010). The leadership style is also characterized by irresponsible for followers' wellbeing; deploy weak control over followers, miss-use vested authority and low involvement in group activities (Hamidifar, 2009; Awan & Mahmood, 2009; Judge and Piccolo, 2004).

According to Bass and Avolio (1994), Omolayo (2007) and Yulk (2010) laissez-faire style is describe as non-existence of a true leadership, ineffective and passive leadership style. This leadership style can be applicable in organization where employees reached to the level of self-actualization. Intellectuals have described the laissez-faire leadership style as the least effective, little sense of execution and almost senseless for team (Trottier *et al.*, 2008).

In summary, it is very important to understand that, rather than fitting one of the styles perfectly, leaders may well employ elements of several styles. However, in practice, it is likely that leaders exhibit preferences for a particular style. This is because organizational systems and processes, reward systems, and performance management need to align to a particular style. That makes it difficult to alternate between leadership styles as a permanent feature of a well-functioning organizational system. The adoption of style is likely to depend on the situation or reflect individual leaders' personal preferences (Avery, 2004; Schlesinger, Sathe and Kotter (1992); Dunphy and Stace, 1988; Nadler and Tuschman, 1990).

2.1.3. Overview of Organizational Commitment

Organizational commitment is among the key factors in achieving competitive performance (Sahnawaz and Juyal, 2006 as cited by Sharachew A. 2018). Organizational commitment is a multidimensional concept that has the potential to forecast results and their predetermined factors (Morrow, 2011; Arnolds and Boshoff, 2004; Bagraim, 2003; Mathieu and Zajac, 1990; Tett and Meyer, 1993 as cited by Sharachew A. 2018). Employees' level of commitment to stay with their current employer will increase and become more productive, when they are sure of their growth in every aspect (Opkare, 2004 and Samad, 2007).

Organizational commitment has been characterized in three factors according to Steers (1977); Porter, Mowday and Steers (1982). These are: -

- ❖ a strong belief and acceptance of the organization's goals and values;
- ❖ a willingness to exert considerable effort for their realization; and
- ❖ a strong aspiration to stay in the organization

In support of the above points, organizational commitment can also be defined as employees' psychological bond with the employer that includes loyalty, concern for performance and productivity (O'Reilly, 2011 as cited by Teshome T. 2011). According to Chin and Sheehan (2004) [as cited by Nigussie R. (2019) and Meyer and Allen (1991), organizational commitment is three dimensional construct and these are affective, continuance and normative commitment.

Affective commitment refers to the employee's emotional attachment to the organization. Affectively committed employees are those who have a feeling of being respected, valued, playing a representative role of their organization and considered as an asset for employers (Meyer & Allen, 1991; Wei & Tai, 2010; Bergman, 2006; and Iverson & Buttigieg, 1999).

Continuance commitment refers to the extent employee's perception that leaving the organization will be costly. Employees who happened to remain in the organization for different reasons claimed that they are displaying a continuance commitment to the organization (Meyer and Allen, 1991 and Iverson and Buttigieg, 1999).

Normative commitment refers to the employee's feelings of obligation to organization and belief that staying is the primary and only choice available for them. Employees with feeling of staying in the organization irrespective of circumstances, are claimed displaying a normative commitment (Meyer and Allen, 1991 and Bergman, 2006).

The three constructs describe the cumulative strength of employees' connection to their employer because they want to (affective), need to (continuance) and ought to (normative) stay with their organization. For services giving organization, like banks, the most favorable is affective commitment than the other two (Meyer et al, 2002).

2.1.4. Overview and Definition of Employee Engagement

The concept and definition of employee engagement was first introduced by Kahn (1990). According to his definition, employee engagement is the maximum deployment of self to job emotionally, cognitively and physically for better performance. Employee engagement is also defined as high cognitive availability (attention) and being occupied (absorbed) on the role (Rothbard, 2001.)

Engagement is defined as state when employees are emotionally and intellectually committed to their employer as measure by their say, stay and strive (Hewitt 2015). Employees' positive expression of their organization refers their say, their desire to be part of the organization irrespective of any situation refers their stay and putting of extraneous effort for goals achievement refers their strive (Hewitt, 2015).

According to Schaufeli et al (2002) employee engagement defined as a positive, fulfilling and work-related state of mind that is characterized by vigor, dedication, and absorption. According to them, vigor represents exerting of high levels of energy and mental spirit, the willingness to put extra effort, and determination at work. Whereas, sense of encouragement, pride and being worthy at work portray dedication. Moreover, absorption is explained by being entirely determined and happily engaged at work.

On the other hand, Maslach and Leiter (2007) defined engagement as a condition of high energy, full participation, and effectiveness. In addition to that, Towers Watson (2009) stated

that employee engagement covers motivational, rational and emotional dimensions. Motivational refers to the extra effort put by employees to execute their role up to the expectation, rational refers to the realization level of their given roles and emotional refers to employees' excitement on their roles as well as on organization. Similarly, the Truss, K etal (2006) defined employee engagement with dimensions of physical engagement (go extra miles for the organization), emotional engagement (displaying massive emotion at work) and cognitive engagement (giving the required attention to work).

As stated above, different theoreticians and practitioners defined employee engagement in different ways. The participation of multiple intellectuals can reveal that employee engagement is a concept to be emphasized by every organization in the globe. These days engaged employee are being regarded as the most valuable asset of an organization and organization are trying to get the maximum engagement from their employees (Chhetri, 2017). In recent years, the issue of employee engagement is being dealt by almost all companies since it is being linked with their level of performance (Macey & Schneider, 2008). Organization's profitability and being customer centric is primarily rested on the extent of employee engagement, as confirmed by the study undertaken by Engagement, E. (2008).

Three levels of employee engagement were identified by Meere (2005) and these are engaged employees who work with passion and feel a profound connection to their organization, not engaged employees who attend and participate at work without passion; and disengaged employees who are unhappy and display same at work, in addition to undermining engaged co-workers.

2.1.5. Theoretical Rationale for Employee Engagement

Social Exchange Theory (SET) is suggested as the most influential and full of paradigm theory to understand the behavior of employee, like employee engagement (Cropanzano & Mitchell, 2005). The principle of SET states that obligations are generated through frequent interaction between parties who are in state of reciprocal interdependence. It is suggested that relationships develop over time into trusting, loyal, and mutual commitments as long as the parties abide by certain rules of change (Cropanzano & Mitchell, 2005). SET also

explained as a valuable and reasonable social exchange that provides effective work behavior and better productivity (Xanthopoulou, Bakker, Demerouti & Schaufeli 2009).

When employees receive various kinds of resources from their employer, they most likely feel obliged to repay and respond amicably. Through their level of engagement, employees can compensate their organization, as suggested by Saks (2006). This is to say that employees will choose to engage themselves to varying degrees in response to the benefits they obtain from their organization. This implies that employees respond by engaging themselves in exchange of resources and benefits provided by their organization.

Therefore, when employees are provided with favorable working environment and benefit packages, they will reciprocate by displaying higher levels of engagement. On the other hand, employees will behave than otherwise, if the organization fails to do so. Concerning this Khan (1990) explained that the extent of cognitive, emotional, and physical resources that an employee is ready to offer in performance of one's work roles is dependent on the economic and socio-emotional resources provided by the organization.

Hence, based on Saks (2006) recommendation and review of the social exchange theory (SET), it is found out that social exchange theory is the most appropriate theoretical rationale for explaining employee engagement.

2.2. Empirical Review

2.2.1. The Relation of Leadership Styles and Employee Engagement

As evidenced in various articles, academic research and practice, engagement has emerged as critical for organizations and leadership seems to be the driving force for engagement to happen. Studies on employee engagement show that, maintaining high levels of engagement has become fairly challenging and engagement levels continue to be low across industries and countries.

Empirical evidence suggests that the presence of high levels of employee engagement enhances job performance, organizational citizenship behaviors, productivity, discretionary

effort, organizational commitment, levels of psychological climate and customer service (Christian, Garza and Slaughter, 2011; Rich, LePine and Crawford, 2010).

Most of the recent workforce and engagement reports from Poll G. (2013), Aon Hewitt (2013) have highlighted the role of effective leadership in building employee engagement and leaders of best employers play a massive role in employee engagement. Some researchers have suggested that leadership is one of the single biggest factors affecting employee perceptions in the workplace and workforce engagement (May, Gibson and Harter, 2004; Macey and Schneider, 2008; Walumbwa, 2008; Xu and Thomas, 2011). Over the last many years, many intellectuals have explored the transformational-transactional leadership styles and their linkage with employee engagement. According to Zhang (2010) there is negative relation between transactional leadership style and employee engagement, whereas positive relation between transformational leadership style and employee engagement.

Xu and Thomas (2011) investigated the evidence for a link between leadership behaviors and employee engagement. Their analysis showed that 'supports team' behavior of the leaders was the strongest predictor of engagement and that the three leadership factors overlapped in their relationships with engagement. Ghadietal, (2013) in their study based on a sample of 530 full-time employees explored existence of relationship between transformational leadership and employee engagement. In addition to that Hayati, Charkhabi and Naami (2014) in their study confirmed significant effect of transformational leadership style on employee engagement among hospital nurses.

Generally, a positive and significant effect of leadership styles on employee engagement was concluded with researches conducted by Welbourne (2007), May, Gilson, and Harter (2004) and Hockey and Ley (2010). The study conducted by Harris, (2007) concluded that there is positive and significant effect on employee engagement by both transformational and transactional leadership styles. A study conducted on different industries in South Africa by Zhu, Avolio and Walumbwa (2009) concluded by confirming existence of positive and significant relation between transformational leadership and employee engagement. Hierarchical linear modeling results shows that follower characteristics moderate the

positive relationship between transformational leadership and employee engagement. However, more importantly, these researchers propose that transformational leadership has a positive effect on employee engagement particularly, when employees are intellectually stimulated to be creative and innovative thinkers.

Harter, Schmidt, and Hayes, (2002) investigated the relationship between leadership style and employee engagement in Geothermal Development Company (GDC) and found that there is a direct relationship exists between leadership styles and employee engagement.

Podsakoff, MacKenzie, Moorman and Fetter (1995), investigated the impact of leadership style on employee engagement in the Platinum Mining Sector in South Africa and demonstrated that transformational style of leadership has a great impact on engagement of employees. Berhanu K. (2019) in her research in banking industry in case of Commercial Bank of Ethiopia generalized that leadership styles have significant impact on employee engagement. Ermias Z. (2017) concluded that there is a positive relation between leadership styles and employee engagement after studying the case with Ethiopian Airlines.

Therefore, based on the above literature the researcher proposed the following hypotheses:

- 1) H1: there is a significant relationship between transformational leadership style and employee engagement
- 2) H2: there is a significant relationship between transactional leadership styles and employee engagement
- 3) H3: there is a significant relationship between laissez-faire leadership style and employee engagement

2.2.2. The Relation of Organizational Commitment and Employee Engagement

According to Saks (2006) organizational commitment differs from engagement in that it refers to a person's attitude and attachment towards their organization, at the same time, he argued that engagement is not merely an attitude; it is the degree to which individuals are attentive to their work and absorbed in the performance of their role. As per Prerana (2014)

there is a high level of correlation between employee engagement and organizational commitment. Engaged employee stay longer and contribute in a more meaningful way and a highly engaged workforce is a sign of healthier organization (V. Rama Devi, 2009). The research conducted by Schaufeli and Salanova (2007) concluded that whenever organizational commitment increase so dose employee engagement.

Moreover, Albdour, A. A., & Altarawneh, I. I. (2014) in their research conducted in Jordan Banks concluded that there is significant relation between organizational commitment and employee engagement and this empirical conclusion also supported by Akhund A. 2017 in his research conducted in Bangladish. Additionally, Agyemang and Ofei (2013) in their study, conducted in Ghana private and public sector employees, investigated that on average there is a significant link between employee engagement and organizational commitment. Therefore, based on the above literature the researcher proposed the following hypothesis: -

- 4) H4: there is a significant relationship between organizational commitment and employee engagement

2.2.3. The Relation of Leadership Styles and Organizational Commitment

According to Teshome T. (2011), who studied on the relationship between leadership styles and employee commitment in private higher education institutions at Addis Ababa city and found that transformational leadership style has significant effect on organizational commitments. According to Gebrehiwot B. (2016) there is significant relationship between transactional leadership style and organizational commitment. Walumbwa and Lawler (2003) and Bucicniene & Skudiene (2008) indicated existence of significant relation between transformational leadership style and organizational commitment.

The finding of Bucicniene & Skudiene (2008), transformational leadership has positive relationship with affective and continuance commitment but different for that of normative commitment. There is a significant relationship between transformational leadership and organizational commitment among academic staff (Munyeka, 2014). A significant effect on

organizational commitment by transformational leadership style was confirmed by Javaidand Mirza (2012).

According to Nyengane (2007), there is a significant relation between transactional leadership style and organizational commitment. There is no significant relation between transactional leadership style and organizational commitment according to the study conducted by Buciuniene & Skudiene (2008) whereas a significant correlation between the two variables was concluded with a study conducted by Brown and Dodd, 1999. According to Wiza and Hlanganipai (2014) and Javaidand Mirza (2012), there is a significant relationship between transactional leadership style and organizational commitment.

It was confirmed that there is no significant relation between laissez-faire leadership style and organizational commitment as concluded by Javaid and Mirza (2012) and Mahmood, A. (2015).

A study made on Saudi Arabian Airline by Almutairi (2013) indicated that there is a significant positive relationship between transformational leadership style and organizational commitment, but the same study concluded nonexistence of a significant effect of transactional leadership style on organizational commitment.

The finding of Lee (2005) stated that transformational leadership related significantly with organizational commitment, while transactional leadership do not. In a similar manner, Hayward et al. (2004) stated that transformational leadership has a moderated effect on organizational commitment and this finding indicated that no relation found between transactional leadership and organizational commitment.

Mathotaarachchi (2013) investigated significant impact of transformational and transactional leadership styles on organizational commitment for non-teaching staff of the Sri Lankan Universities with varied degree. Similarly, Yunus and Ibrahim, (2015) in their study also confirmed that transformational leadership has a positive relationship with organizational commitment.

A study conducted in Viettel Telephone Company Call Center on average revealed that transformational leadership and transactional leadership styles have significant relation with organizational commitment. The result of the research study showed that transactional leadership style is more strongly related to organizational commitment as opposed to transformational style (Lung, 2009 as cited by Nigussie R. (2019)).

According to the overall findings of the study undertaken by Teshome, F. Y. (no date) at Defense University, transformational and transactional leadership styles had a positive relationship with organizational commitment while laissez-faire leadership style had no relationship with organizational commitment. The results obtained in various empirical studies do not show entire consistency with respect to relationship between leadership styles and organizational commitment.

Therefore, based on the above literature, the researcher proposed the following hypotheses:

- 5) H5: there is a significant relationship between transformational leadership style and organizational commitment
- 6) H6: there is a significant relationship between transactional leadership style and organizational commitment
- 7) H7: there is a significant relationship between laissez-faire leadership style and organizational commitment

2.3. Mediation

According to Baron and Kenny (1986) defined mediation as the generative mechanism through which the focal independent variable is able to influence the dependent variable of interest. According to Wood et al. (2008) mediation occurs when the effects of one variable on another can be explained a third intervening variable. Furthermore, mediation analysis is explained by Iacobucci (2008) as follows:

“Mediation analysis is a set of statistical procedures used to investigate whether a particular data set exhibits a mediational structure. A mediational structure posits a particular conceptualization of the mechanism through which an independent variable might affect a dependent variable – not directly, but rather through an intervening process, captured by the mediator variable” (Iacobucci, 2008, p. 1).

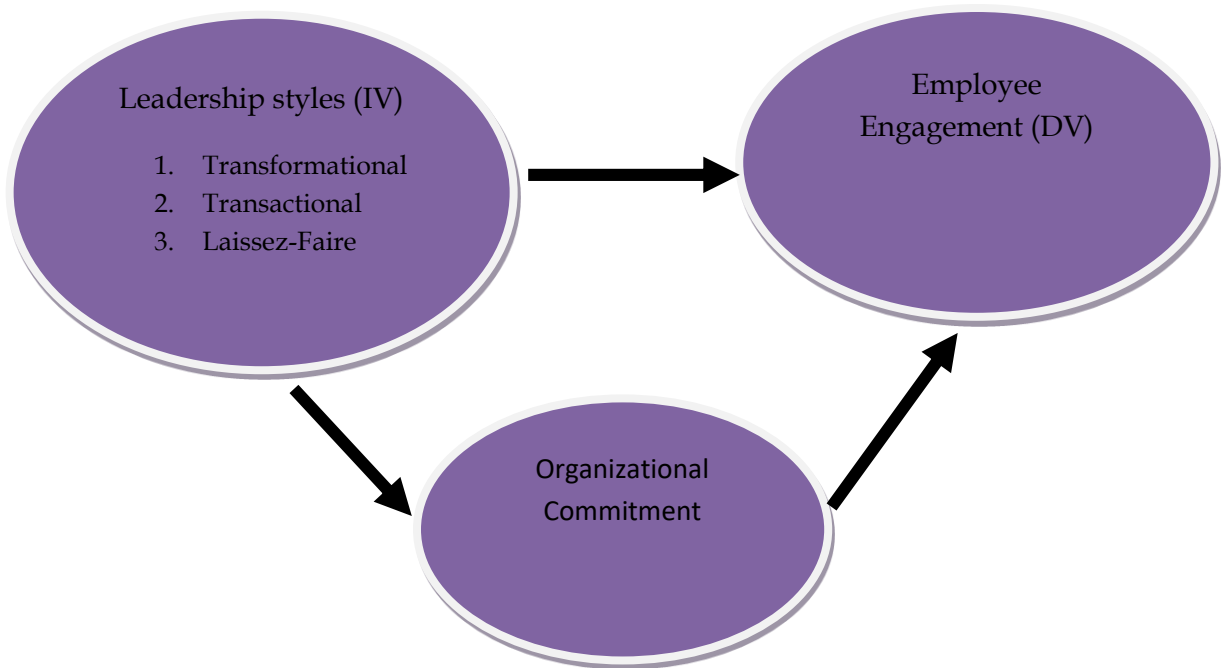
According to MacKinnon, Fairchild and Fritz (2007) and Hayes (2013) mediation in its simplest form represents the addition of a third variable to the $X \rightarrow Y$ relation, whereby X causes the mediator, M , and M Causes Y , so $X \rightarrow M \rightarrow Y$. Similarly, according to MacKinnon (2008) in a mediation model, the independent variable causes the mediator which then causes the dependent variable. As explained by Wood et al. (2008) there are three general frameworks for testing mediation in the existing approach; these are (i) the causal steps approach, (ii) differences in coefficients and (iii) products of coefficients. According to MacKinnon (2008) mediation tests require that there is a significant relation between the independent and the dependent variable for mediation to exist. According to him if there is not a significant relation between two variables then it does not make sense to talk about mediation, but it does make sense to talk about indirect effects. Therefore, based on the above concept and previous empirical literatures, the researcher proposed the following hypotheses: -

- 8) the relationship between transformational leadership style and employee engagement will be significant with organizational commitment put as a mediator
- 9) H9: the relationship between transactional leadership style and employee engagement will be significant with organizational commitment put as a mediator
- 10) H10: the relationship between laissez-faire leadership style and employee engagement will be significant with organizational commitment put as a mediator

2.4. Conceptual Framework

Based on the overall review of existing literatures (both theoretical and empirical), the following conceptual model in which this study governed is developed. As shown in figure-1 the hypothesized conceptual framework model shows the connection/relationship between variables of leadership styles (independent variable), organizational commitment (hypothesized mediator) and employee engagement (dependent variable). For the purpose of this study, the research limits himself to use only three leadership styles among many available, as independent variables.

Figure 1: Conceptual Framework



Source: - Developed by the researcher based on theoretical and empirical literatures.

Chapter Three

3. Research Design and Methodology

This chapter constructed by eight major points. The first point discusses about the study area and the second part about the research design used. The third part briefly dices about the research approach followed and the fourth part is about target population, sampling size and sampling techniques used. The fifth part focus on data source, instrument used and how the data collected. The six part is about the analysis method employed in the study. The seventh part discussed about the data validity and reliability conducted for the purposed of the study. The last part is about a few words about ethical consideration exercised in doing the research work.

3.1. The Study Area

The study area is Dashen Bank SC., which is one of the sixteen private commercial banks operating in Ethiopia. The bank officially registered on the 20th of September 1995 and opened its doors for customers with eleven branches across the country on 1st of January 1996 GC in accordance with article 304 of Commercial Code of Ethiopia. It was established in line with proclamation number 84/1994 with an authorized capital of Birr 50 million. As of 30thof June 2019, the paid up capital of the bank reached Birr 2.7 billion with 413 branch networks, 2.2 million deposit accounts, 56.22 billion assets and 872 thousand cardholders. The number of employees also reached 9,733, of which 6,129 are permanent employees and the balance, i.e. 3,604 are outsourced employees (Dashen Bank SC, 2018/19 annual report).

3.2. Research Design

Research design is a framework that serves as a plan to study the research problem. The role of a research design is to manage the collection of relevant data with minimal consumption of effort, time and money considering the research objectives (Kothari, 2004).

Hence, the research design used in this study was both descriptive and explanatory research. Descriptive study was undertaken in order to establish and be able to describe the characteristics of the variables of interest in the study (Kohtari, 2004). Whereas, explanatory

research used to explain, understand and predict the cause and effect relationship between the variables (Neuman, 2014) that is leadership styles (independent variables), organizational commitment (mediating variable) and employee engagement (dependent variable).

3.3. Research Approach

There are three different accredited research approaches. These are, as noted in Creswell (2009), analytical study, quantitative, qualitative and mixed methods approach. According to Hungler, Beck and Polit (2013), “quantitative research is a means for testing objective theories by examining the relationship among variables”. Hence, based on the research problem and objective to be met in this study, the quantitative research approach was deployed. Primary data collected through questionnaire from sample respondents. Then the collected data analyzed using SPSS v.20 with PROCESS macro and based on the analysis output; generalization about the population drawn.

3.4. Target Population, Sample Size and Sampling Technique

3.4.1. Target Population

Target population is said to be a specified group of people or objects for which question can be asked or observed (Hiar, Joseph, Robert, Bush and David, 2006). Accordingly, the target population for this study was all professional permanent employees (excluding Executive Management and non-clerical staff) of Dashen Bank SC who work in Addis Ababa under the four District Offices and Head Quarters. For the purpose of this study, only branches found in Addis Ababa City Administration was taken, though there are branches found outside Addis Ababa but under the control of District Offices found in Addis. Hence, the number of employees’ data under respective District Office includes employees found in the District Offices itself and Branches under its control found in Addis Ababa City Administration. The total target population constitutes 2,675 professional staffs as of June 30, 2019 as sated here under.

Table 1: *Number of Employees and Branches in the target Area*

Target Area	Number of target employees*	Percentage against total	Number of Branches	Percentage against total branch
Head Office	806	30.13%	-	-
East Addis District	511	19.10%	45	29.41%
North Addis District	488	18.24%	41	26.80%
South Addis District	477	17.83%	38	24.84%
West Addis District	393	14.69%	29	18.95%
Total	2,675	100.00%	153	100.00%

*Source: - Dashen Bank HR report as of June 30, 3019.

3.4.2. Sampling Technique

The sampling technique used in this study was multi stage sampling, first proportional stratified sampling and then branches and departments (there are twenty-five departments) were selected using simple random sampling from the strata, finally the respondents selected based on convenience to the study. Simple random sampling has an advantage for the number of sampling population to give an equal probability being selected. Zikmund (2003) identifies two basic sampling techniques: probability and non-probability sampling. According to Zikmund, a probability sample is defined as a sample in which every member of a population has a known, non-zero probability of selection. Zikmund states that if sample units are selected on the basis of personal judgment, the sample method is a non-probability sample. The convenience method deployed because of constraints/limitations of time. Hence, this study used mixed sampling methods i.e. both probability and non-probability.

3.4.3. Sample Size

The sample size is very important for the clear understanding of the population of the study to be undertaken. Alreck & Settle (1995) states that sample size is determined after considering statistical precision, practical issues and availability of resources. The sample consisted of employees working in Head Quarters and District Offices found in Addis Ababa for Dashen Bank S.C. The categories of respondents were included all permanent

professional staff except executive management members and non-clericals. Therefore, the sample size was determined by considering the total population of staff in the targeted area. The researcher used proportionate stratified sampling, simple random sampling and convenience sampling method to select respondents from the targeted population. According to Dashen Bank’s Human Resource Department report for June 30, 2019, there are 2, 675 professional employees in the targeted area for the study. From this target population, 348 employees were taken as a sample of respondents, taking Yemane’s (1967) simplified formula to calculate sample size. The sample size determination formula is: -

$$n = N/1+e^2*N$$

Where, n = is the sample size, N = is the total targeted population and e = is the desired level of precision.

Table 2: Number of Population & Sample Size

Target Area	Number of Employees	of Proportion sample size	Percentage of sample against the total sample
Head Office	806	105	30.17%
East Addis District	511	66	18.96%
North Addis District	488	64	18.39%
South Addis District	477	62	17.82%
West Addis District	393	51	14.66%
Total	2,675	348	100.00%

**Source: - Dashen Bank HR report as of June 30, 3019.*

3.5. Data Sources, Instrument and Collection

The principal source of data for the research was primary data. Data collected through closed ended questionnaire from the selected sample of professional employees of Dashen Bank working in Addis Ababa. The questionnaire adapted from tested existing literatures. Questions regarding to employee engagement adapted from Utrecht Work Engagement Scale-9 [UWES-9]) which measure the extent to which employees are engaged (Schaufeli,

2002). Leadership styles questions adapted from Multifactor Leadership Questioner -5X (MLQ-5X) Short, developed by Bass & Avolio (1995). Questions regarding to organizational commitment adapted from Allen & Meyer (1991). The justification for adapting the above stated questions is that they have been used by many researchers globally and found to be very instrumental. All questions formed in a five point likert scale as: 5=Strongly Agree, 4=Agree, 3=Moderately Agree, 2=Disagree, 1=Strongly Disagree which allows respondents to indicate their level of agreement or disagreement with the statements provided.

The questionnaire contains two sections. The first section is about the general demographic information of the respondents that covers age, gender, educational level and length of service year in Dshen Bank SC. The second section includes questions regarding the independent variable (leadership styles), the dependent variable (employee engagement) and the mediating variable (organizational commitment). In relation to the procedure of data collection, the questionnaire distributed to the selected sample of individual employees of Dashen Bank SC situated in Addis Ababa and collected physically from the respondents at their site by the researcher.

In relation to data collection, from the four Districts, twenty-five percent of the number of branches from each District was considered. Accordingly, from the total of 153 branches in Addis Ababa found under the four Districts 38 branches was randomly selected. Hence, 11 branches from East Addis, 10 branches from North Addis, 9 branches from south Addis and 8 branches from West Addis were selected. Hence, per branch, on average, 6 questionnaires were distributed and collected. As to primary data collection from Head Office, fifty percent of the Departments were considered. Therefore, out of the existing 25 Departments, 13 of them randomly selected and 105 questionnaires were distributed to staff of these selected Departments equally. For each Department, on average, 8 questionnaires were distributed and collected in person by the researcher. The number of collected filled questionnaires and respective collection rate is summarized as under in the table.

Table 3: *Number of Collected Questionnaires*

Target Area	Number of Departments/ Branches	50% of the Department/ 25% of the branches	Number of Questionnaires		
			Distributed	Collected	Collection rate
Head Office	25	13	105	98	93.33%
East Addis District	45	11	66	62	95.45%
North Addis District	41	10	64	61	95.31%
South Addis District	38	9	62	57	91.94%
West Addis District	29	8	51	46	90.20%
Total			348	324	93.10

**Source: - Dashen Bank HR report as of June 30, 3019.*

3.6. Analysis Method

Statistical technique employed to analyze the collected data. Descriptive as well as inferential statistics employed. Descriptive statistics helps to describe the characteristics of the variables of interest in the study (Kohtari, 2004), and hence used to describe the general information about the respondents' demographic situation such as frequency distribution, mean and standard deviations. For inferential statistics Pearson correlation and regression analysis employed to test for correlation, and cause and effect relationships among the variables using SPSS Version 20.

In order to test the hypotheses linear regression analysis conducted. Furthermore, since the research involves mediator variable, Baron and Kenny 's (1986) model for mediation testing used as a guiding framework. In order to undertake mediation test Baron and Kenny 's (1986) model for testing mediation was used as a guiding framework. Accordingly, mediation was tested through three regression models (Baron and Kenny, 1986; Field, 2013). Mediation

analysis tests a hypothetical causal chain where one variable X (IV) affects a second variable M and, in turn, that variable affects a third variable Y (DV). Mediators describe the how or why of a relationship between two other variables and are sometimes called intermediary variables since they often describe the process through which an effect occurs.

Therefore, based on the model, mediation tested through regression analysis and then the result discussed on the strength of the outcome in the next chapter.

3.7. Validity and Reliability

Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004). Before the questioner was distributed to the respondents, the instrument was checked and confirmed for its validity by the advisor to see whether it measures what it supposed to measure. Comment from practitioners on the instrument was also received, though it was adopted from previous research. Hence, the instrument found to be valid in multiple dimensions.

Reliability is a measure to gauge the degree to which a research instrument yields consistent results or data after repeated trials (Green, 2003). It is also to ensure the degree to which a measurement is free from random or unstable error. Cronbach's alpha (α) is a commonly used measure of reliability.

The Cronbach's alpha is achieved by the variance of individual components and by the variance of the components sum of each assessed, aiming to examine the likely relations between the items. As stated by Carmines & Zeller (1979), the closer the reliability coefficient to 1.00 is the better. In general, reliabilities less than 0.60 are considered poor; those in the range of 0.60 to 0.90 are considered good and acceptable, according to Sekaran and Bougie (2016). In this research, all variables met the above requirement as computed and summarized in the below table.

Table 4: Cronbach's Alpha Value Result for each and Overall

Variable	Number of items	Cronbach's alpha (α)
Transformational Leadership Style	20	0.948
Transactional Leadership Style	12	0.839
Laissez-Faire Leadership Style	4	0.867
Organizational Commitment	12	0.897
Employee Engagement	17	0.939

Source: own survey SPSS V20 (2020)

3.8. Ethical Consideration

A concerted and conscious effort was made at all times to uphold the promise. A guarantee was given to the respondents that the results would be used only for academic purpose. In addition to that, participants of the study were informed to participate voluntarily and their privacy and anonymity would be kept. Moreover, the use of offensive, discriminatory or other unacceptable languages were avoided throughout the study.

Chapter Four

4. Data Analysis, Interpretation and Discussion

4.1. Introduction

This chapter attempted to analyze and interpret the data collected and summarized. The results are made to relate to the key considerations discussed in the literature review sections. At the same time, the data is analyzed in association with the research questions raised in chapter one. Basically this study tried to study the effect of organizational commitment on employee engagement. And it considered direct effect of leadership styles and mediating role of organizational commitment on employee engagement. This chapter also focused on presentation, interpretation and discussion of data collected through questionnaires, which is analyzed using regression analysis. Moreover, the data collected were analyzed using SPSS version 20 with PROCESS macro.

4.2. Sample and Response Rate

For the purpose of this study, the researcher distributed 348 questionnaires assuming to collect all of them filled without missing any question. Finally, a total of 324 questionnaires were obtained and used for analysis. The balance, i.e. 24 questionnaires were not returned (14 in number) and filled with missed questions (10 in number). Hence, the non-response rate, including unreturned and partially filled, is seven (7%).

4.3. Demographic Composition of Respondents

Demographic information was collected from the respondents. The demographic information of the respondents includes gender, age, education level and year of service in Dashen Bank SC to see the demographic composition of respondents in the study area. Accordingly, table 5 below presents frequency and percentage of background variables of participants participated in this study.

Table 5: *Frequency and Percentage of Demographic/background variables*

	Description	Frequency	Percent
Age	18 – 25 Years	42	13.0
	26 – 35 Years	205	63.3
	36 – 45 Years	68	21.0
	Above 45 Years	9	2.7
Gender	Male	206	63.6
	Female	118	36.4
Education	College Diploma	21	6.5
	First Degree	206	63.6
	Second Degree and Above	97	29.9
Year of Service in DB	1 – 5 Years	124	38.3
	6 – 10 Years	130	40.1
	11 – 15 Years	45	13.9
	Above 15 Years	25	7.7

Source: own survey SPSS V20 (2020)

Most participants (63.3%) were in the age range of 26- 35 years old. 21.0% of participants were in the age group of 36 - 45 years old, 13.0% were in the age group of 18 - 25 years old while the remained, 2.8% were 45 and above 45 years old. On the other hand, out of total 324 participants involved in this study, 63.6% were male and the balance, i.e. 36.4% were female.

Regarding educational level of participants, more than half of participants, 63.6%, were having educational status of first degree. The second larger portions (29.9%) of the participants were having educational level of second degree and above. The remaining, 6.5% were having educational level of college diploma. With respect to service year of the participants, out of the total 324 of them 40.1% were having 6 - 10 years of work experience in the bank. 38.3% of participants were having 1 – 5 years of service in the bank. In addition, 13.9% of participants were having 11 - 15 years of service in and the remaining 7.7% were having above 15 years of service in Dashen Bank SC. More than half of participants (61.7%) were having above 6 years of service in the bank which in turn gave relatively better opportunity to elicit analyzable information and data on investigating the effect of organizational commitment on employee engagement in Dashen Bank SC.

4.4. Descriptive Statistics of Variables

The descriptive statistics of the study variables were summarized and presented in table 6 below revealing the mean and standard deviation of the variables. The average score from the 5-point Likert scale with 5 referring strongly agree and 1 referring strongly disagree was computed for all the variables to show the proportion of the respondents that either strongly agreed or disagreed with the items of the variables. According to Crewel (2012), mean value of ≥ 4.5 = Very High, 3.51 to 4.51= High, 2.51 to 3.5 = Moderate, 1.51 to 2.5=Low; and < 1.5 =Very Low. Based on this mean score measurement, the researcher described the mean score of the participants for each categories of variable descriptions.

Table 6: *Descriptive Statistics of Variables*

Description	N	Mean	Std. Deviation
Transformational Leadership	324	3.6117	0.67895
Transactional Leadership	324	3.1811	0.62945
Laissez-Faire Leadership	324	2.6366	1.02958
Organizational Commitment	324	3.0952	0.81583
Employee Engagement	324	3.5848	0.73348

Source: own survey SPSS V20 (2020)

As indicated in table 6, the mean score of Transformational Leadership Style is 3.61, which is greater than the average/moderate score on the 5-point scale, while the standard deviation is 0.69. This result indicates that majority of the respondents agreed that the Transformational Leadership Style is favorable or fits for them to be engaged in their work. In other words, majority of the respondents responded that their managers/supervisors were described by Transformational Leadership Style.

On the other hand, the mean score of Transactional Leadership Style is 3.18 while the standard deviation is 0.63. The result implies that on average majority of the respondents agreed that Transactional Leadership Style moderately fits them when they do their work. In other words, majority of the respondents replied that their managers/supervisors were also described by Transactional Leadership Style.

The mean score of Laissez-Faire Leadership Style is 2.64 while the standard deviation is 1.03. This result indicates that majority of the respondents moderately agreed that Laissez-Faire Leadership Style fits them when they do their work. In other words, majority of the respondents replied that their managers/supervisors were also described by such Laissez-Faire Leadership Style.

The mean score of Organizational Commitment is 3.10 while the standard deviation is 0.82. This result indicates that majority of the respondents moderately agreed that they are committed to Dashen Bank SC. The mean score of employee engagement is 3.59 while the standard deviation was 0.73. This result indicates that majority of the respondents highly agreed that they are engaged towards their jobs.

4.5. Reliability

Reliability is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the “goodness” of a measure. (Sekaran and Bougie, 2016). In conducting the reliability test, the researcher retrieved Cronbach’s alpha values using SPSS Version 20 for the items in each construct as indicated in table 7 below. According to Sekaran and Bougie (2016) reliabilities less than 0.60 are considered to be poor, those in the 0.70 range, acceptable, and those over 0.80 are good.

Table 7: Reliability Analysis (Cronbach's Alpha)

Variables of the Study	No. of Items	Cronbach’s Alpha Value
Transformational Leadership Style	20	.948
Transactional Leadership Style	12	.839
Laissez-Faire Leadership Style	4	.867
Organizational Commitment	12	.897
Employee Engagement	17	.939

Source: Researcher’s survey data output (2020)

As indicated in table 7, the Cronbach's alpha coefficient for Transformational Leadership Style, Transactional Leadership Style, Laissez-Faire Leadership Style, Organizational Commitment and Employee Engagement is 0.948, 0.839, 0.867, 0.897 and 0.939 respectively. Hence, the reliability of the measures used in this study can be considered as good and acceptable since the Cronbach's alpha coefficient of each item is over 0.80.

4.6. Correlation Analysis

The purpose of correlation analysis is to explore the strength as well as the direction of the relationship among the study variables namely Transformational Leadership Style, Transactional Leadership Style, Laissez-Faire Leadership Style and Organizational Commitment (the independent variables) and Employee Engagement (i.e. dependent variable). Pearson correlation analysis was used to explore their relationships. The results are summarized in the table below:

Table 8: *Pearson Correlation Matrix*

	Transformational	Transactional	Laissez-Faire	OC	Engagement
Transformational	1				
Transactional	.438**	1			
Laissez-Faire	-.138*	.519**	1		
OC	.385**	.350**	.193**	1	
Engagement	.492**	.276**	.015	.546**	1

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

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

Source: Researcher's survey data output (2020)

Cohen (1988) effect size standards, correlation coefficients $< \pm 0.28$ are small effects; medium effects range from ± 0.28 to 0.49 ; and, large effects are greater than ± 0.49 . Cohen (1998) cited by (Warokka et al. 2012), also interpreted the coefficient of correlation between 0 and 1 as in the following manner. The correlation coefficient (r) ranging from 0.10 to 0.29 regarded as indicating a low degree of correlation, (r) ranging from 0.30 to 0.49 considered as a moderate degree of correlation, and (r) ranging from 0.50 to 1.00 regarded as a high degree of correlation. Accordingly, as we can refer from table 8 that transformational leadership style

moderately and positively correlates with Engagement and transactional leadership style at (0.492, $p \leq 0.01$) and (0.438, $p \leq 0.01$) respectively.

Transformational Leadership Style weakly and positively correlates with Organizational Commitment at (0.385, $p \leq 0.01$) where as it weakly and negatively correlates with Laissez-Faire Leadership Style at (-0.138*, $p \leq 0.05$). Transactional Leadership Style strongly and positively correlates with Laissez-Faire Leadership Style at (0.519, $p \leq 0.01$) and it is moderately and positively correlates with Organizational Commitment and Employee Engagement at (0.350, $p \leq 0.01$) and (0.276, $p \leq 0.01$) respectively. Laissez-Faire Leadership Style weakly and positively correlates with Organizational Commitment at (0.193, $p \leq 0.01$) with Employee Engagement at (0.015, $p \leq 0.01$). Organizational Commitment strongly and positively correlates with Employee Engagement at (0.546, $p \leq 0.01$).

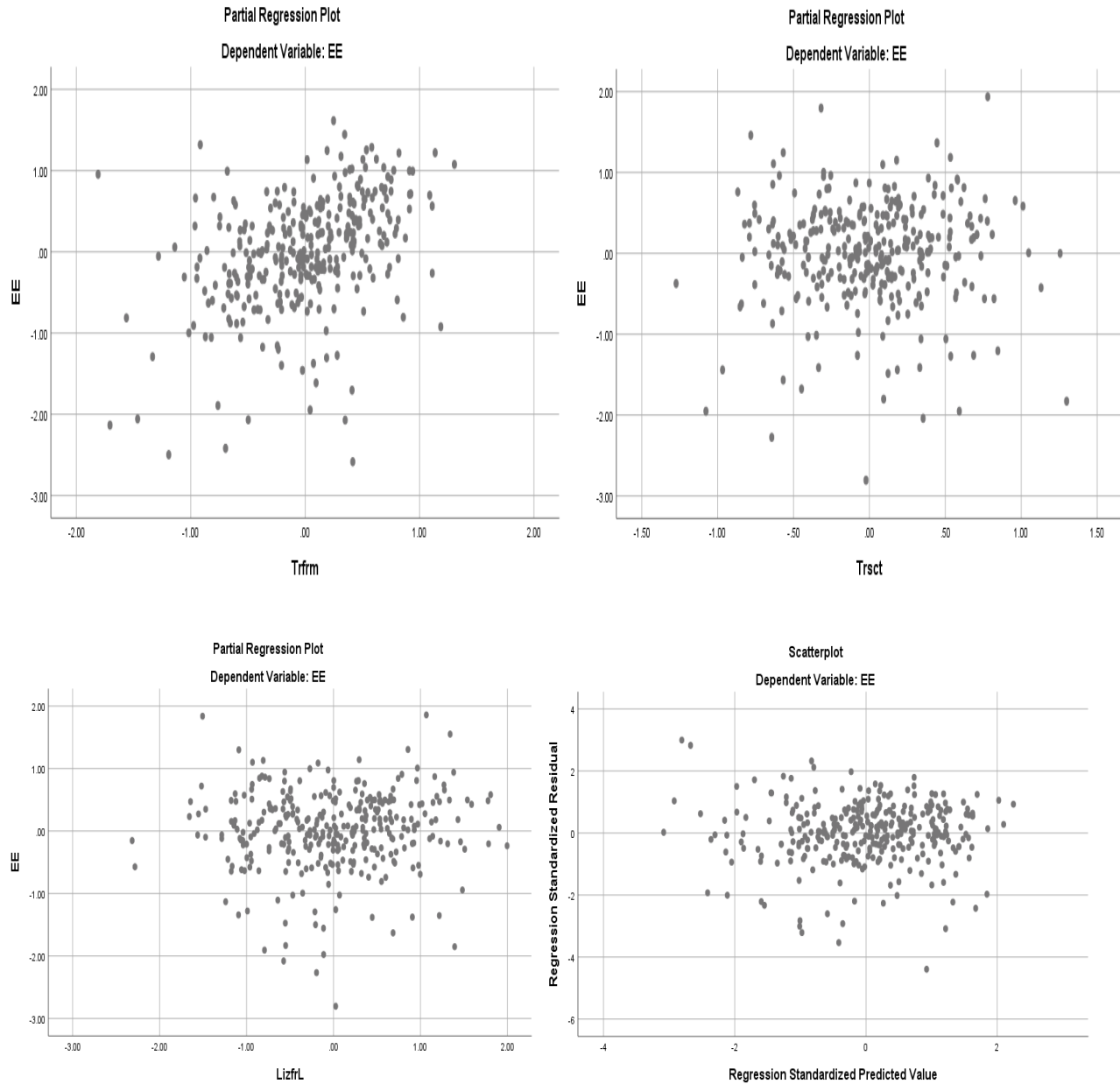
4.7. Test for Assumptions of Linear Regression Model/Regression Diagnostics

Prior to running the regression analysis to test the research hypotheses, a preliminary analysis (Regression Diagnostics) was conducted to verify the assumptions of classical linear regression model like linearity, normality, multicollinearity, and homoscedasticity tests/assumptions.

4.7.1. Linearity Test

The relationship between the dependent variables and explanatory variables need to be linear function to conduct linear regression analysis (Darlington, 1968). Therefore, the linearity of the relationship between the dependent variable and the independent variables was checked using scatter plots of the regression residuals for the model through SPSS software. The scatter plot of residuals indicates that the points lie in a reasonably straight line from bottom left to top right. Therefore, we can conclude that the assumption of linearity was not violated.

Figure 2: Scatter Plot



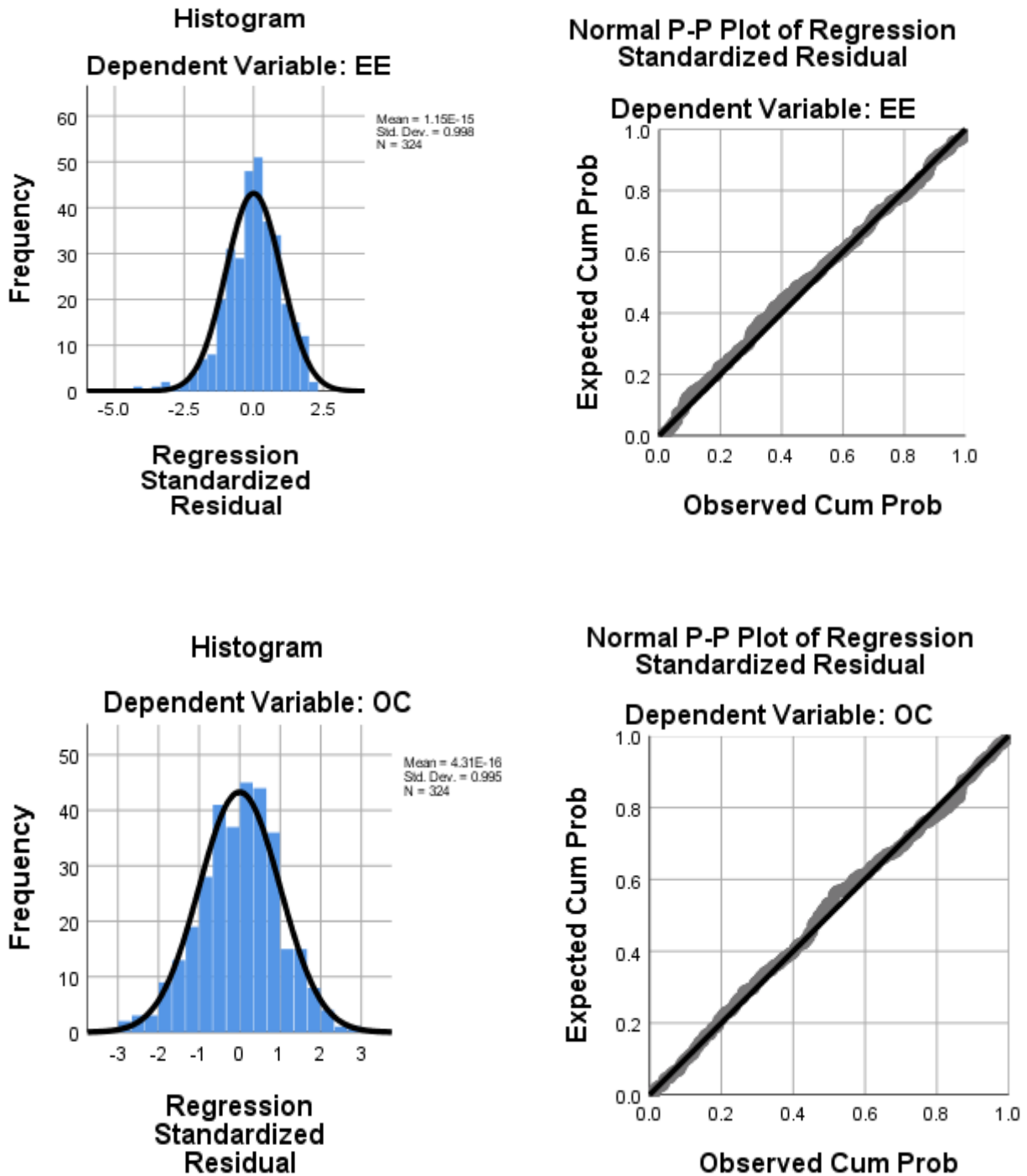
Source: Researcher’s survey data output (2020)

4.7.2. Normality Test

Normality test was used to determine whether the error term is normally distributed. The frequency distribution of the standardized residuals was compared to a normal distribution. As we can see, although there are some residuals that are relatively far away from the curve, many of the residuals are fairly close.

Moreover, the histograms are bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed for the model. Thus, we can deduce that the assumption of “normally distributed error term” is not violated.

Figure 3: *Normality and Linearity Graphs*



Source: Researcher’s survey data output (2020)

4.7.3. Multi-Collinearity Test

Multi-collinearity will occur if some or all of the independent variables are highly correlated with one another. It shows the regression model has difficulty in explaining which independent variables are affecting the dependent variable (Brooks, 2008). Multi-collinearity can be tested either from correlation coefficient results or from the Value of Tolerance and VIF. According to Sekaran and Bougie (2016), the acceptable value of tolerance and Variance Inflation Factor (VIF) is above 0.10 and below 10 respectively. As we can see from table 4.5 the Tolerance Values are 0.625, 0.466, 0.565 and 0.787 for each independent variable respectively which are above the threshold of 0.10 and the VIF values are also 1.599, 2.147, 1.769 and 1.270 respectively as illustrated in the table below. These VIF values are below the threshold of 10. Therefore, we can conclude that there is no collinearity issue between the independent variables.

Table 9: *Collinearity Diagnosis*

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership Style	.625	1.599
	Transactional Leadership Style	.466	2.147
	Laissez-Faire Leadership Style	.565	1.769
	Organizational Commitment	.787	1.270

a. Dependent Variable: Employee Engagement

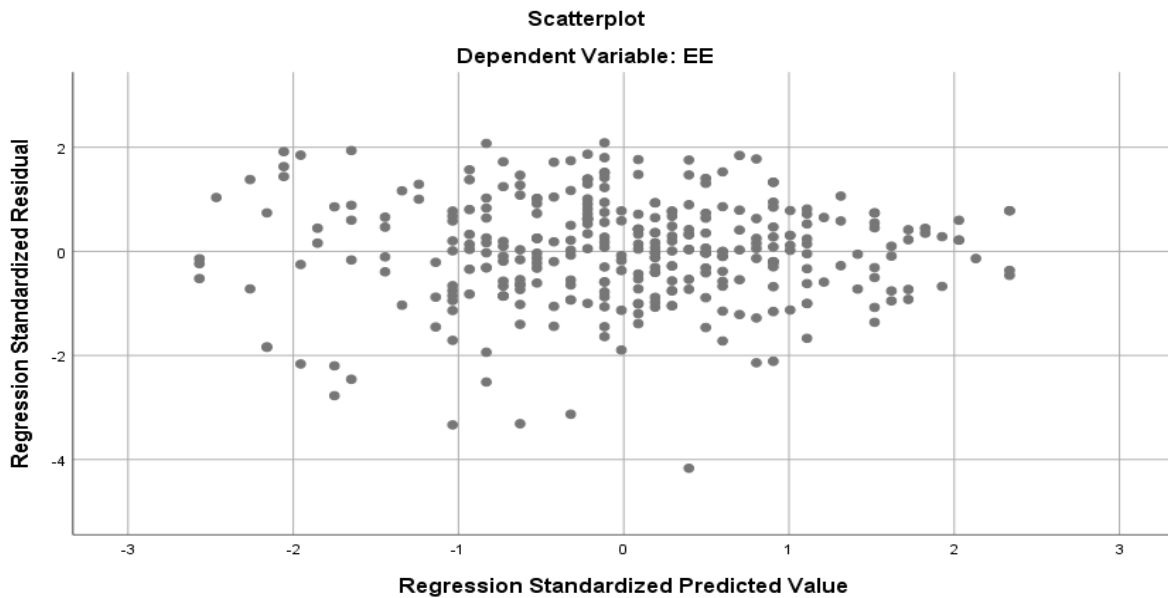
Source: Researcher's survey data output (2020)

4.7.4. Homoscedasticity Test

One of the key classical assumptions of regression is that the variance of the errors is constant across observations. If the errors have constant variance, the errors are called homoscedastic. The possible existence of heteroscedasticity is a major concern in the application of regression analysis, including the analysis of variance, because the presence of heteroscedasticity can invalidate statistical tests of significance that assume that the modeling errors are uncorrelated and normally distributed and that their variances do not vary with the effects being modeled (Gujarati, 2004).

The standard suggestion for examining the assumption of heteroscedasticity in regression analysis is to plot the predicted variable values against the residual values. Heteroscedasticity is indicated when these values spread or fan out from left to right or right to left. Thus, the scatter plot shows that majority of the points are concentrated around zero (0) which shows that no violation of homoscedasticity.

Figure 4: *Scatterplot of Standardized Residuals vs. Predicted Values*



Source: Researcher's survey data output (2020)

4.8. Testing the Research Hypothesis

After testing all the relevant assumptions of classical linear regression assumptions for the data used, the researcher run regression analysis to explore the relationship between the independent and dependent variables. For testing the mediation, the Baron and Kenny (1986) model was used as a guiding framework. The coefficients of determination (R square value), the regression coefficients (Beta coefficient) and the p-values for each of the significant relationships were reported. Each of the proposed hypotheses were empirically tested and discussed.

4.8.1. Regression Model Specification

According to Baron and Kenny (1986) mediation testing framework, the following models were specified.

Model 1

H1: There is a significant relationship between transformational leadership style and employee engagement.

$$y = \alpha_1 + \beta_1 X_1 + \varepsilon_y \dots \dots \dots \text{Model 1}$$

Where:

y = Employee Engagement, X_1 = Transformational Leadership Style, α_1 = intercept of Employee Engagement, β_1 = coefficient, ε_y = the random error.

Model 2

H2: There is a significant relationship between Transactional Leadership Style and Employee Engagement.

$$y = \alpha_2 + \beta_2 X_2 + \varepsilon_y \dots \dots \dots \text{Model 2}$$

Where:

Y = Employee Engagement, X_2 = Transactional Leadership Style, α_2 = intercept of Employee Engagement, β_2 = coefficient, ε_y = the random error.

Model 3

H3: There is a significant relationship between Laissez-Faire Leadership Style and Employee Engagement.

$$y = \alpha_3 + \beta_3 X_3 + \varepsilon_y \dots \dots \dots \text{Model 3}$$

Where:

Y = Employee Engagement, X_3 = Laissez-Faire Leadership Style, α_3 = intercept of Employee Engagement, β_3 = coefficient, ε_y = the random error.

Model 4

H4: There is a significant relationship between Organizational Commitment and Employee Engagement.

$$y = \alpha_4 + \beta_4 X_4 + \varepsilon_y \dots \text{Model 4}$$

Where:

Y =Employee Engagement, X_4 =Organizational Commitment (OC), α_4 =intercept of Employee Engagement, β_4 =coefficient, ε_y =the random error.

Model 5

H5: There is a significant relationship between Transformational Leadership Style and Organizational Commitment.

$$y = \alpha_5 + \beta_5 X_5 + \varepsilon_y \dots \text{Model 6}$$

Where:

Y =Organizational Commitment, X_5 = Transformational Leadership Style, α_5 =intercept of Organizational Commitment, β_5 =coefficient, ε_y =the random error.

Model 6

H6: There is a significant relationship between Transactional Leadership Style and Organizational Commitment.

$$y = \alpha_6 + \beta_6 X_6 + \varepsilon_y \dots \text{Model 7}$$

Where:

Y =Organizational Commitment, X_6 = Transactional Leadership Style α_6 =intercept of Organizational Commitment, β_6 =coefficient, ε_y =the random error.

Model 7

H7: There is a significant relationship between Laissez-Faire Leadership Style and Organizational Commitment.

$$y = \alpha_7 + \beta_7 X_7 + \varepsilon_y \dots \text{Model 7}$$

Where:

Y =Organizational Commitment, X_7 = Laissez-Faire Leadership Style α_7 =intercept of Organizational Commitment, β_7 =coefficient, ε_y =the random error.

Model 8

H8: The relationship between Transformational Leadership Style and Employee Engagement will be significant with Organizational Commitment put as a mediator.

$$y = \alpha_8 + \beta_8 X_8 + z_m + \varepsilon_y \dots \text{Model 8}$$

Where:

y=Employee Engagement, X8= Transformational Leadership Style,
m=Organizational Commitment, α_8 =intercept of Employee Engagement, β_8 &
z=coefficients,
 ε_y = the random error

Model 9

H9: The relationship between Transactional Leadership Style and Employee Engagement will be significant with Organizational Commitment put as a mediator.

$$y = \alpha_9 + \beta_9 X_9 + z_m + \varepsilon_y \dots \text{Model 9}$$

y=Employee Engagement, X9= Transactional Leadership Style, m=Organizational Commitment, α_9 =intercept of Employee Engagement, β_9 & z=coefficients,
 ε_y = the random error

Model 10

H10: The relationship between Laissez-Faire Leadership Style and Employee Engagement will be significant with Organizational Commitment put as a mediator.

$$y = \alpha_{10} + \beta_{10} X_{10} + z_m + \varepsilon_y \dots \text{Model 10}$$

y=Employee Engagement, X10=Laissez-Faire Leadership Style, m=Organizational Commitment, α_{10} =intercept of Employee Engagement, β_{10} & z=coefficients,
 ε_y = the random error

4.8.2. Regression Analysis

Table 10: *Model Summary*

	Description	R	R Square	SE
Model 1	a. Predictors: (Constant), Transformational b. Dependent Variable: Engagement	.492 ^a	.242	.640
Model 2	a. Predictors: (Constant), Transactional b. Dependent Variable: Engagement	.276 ^a	.076	.706
Model 3	a. Predictors: (Constant), Laissez-Faire b. Dependent Variable: Engagement	.015 ^a	.000	.735
Model 4	a. Predictors: (Constant), Organ. Commit b. Dependent Variable: Engagement	.546 ^a	.298	.616
Model 5	a. Predictors: (Constant), Transformational b. Dependent Variable: Organ. Commit	.385 ^a	.148	.754
Model 6	a. Predictors: (Constant), Transactional b. Dependent Variable: Organ. Commit	.350 ^a	.122	.766
Model 7	a. Predictors: (Constant), Laissez-Faire b. Dependent Variable: Organ. Commit	.193 ^a	.037	.802
Model 8	a. Predictors: (Constant), Transformational, Organ. Commit b. Dependent Variable: Engagement	.625	.391	.330
Model 9	a. Predictors: (Constant), Transactional, Organ. Commit b. Dependent Variable: Engagement	.553	.306	.376
Model 10	a. Predictors: (Constant), Laissez-Faire, Organ. Commit b. Dependent Variable: Engagement	.553	.306	.376

a: predictors; b: dependent variables; SE: standard error of the estimate

Source: Researcher's survey data output (2020)

As clearly described in table 10 above, R-square value for the regression model 1 is 0.242. This indicates that Transformational Leadership Style in this study explains about 24.2% of the variation in the level of Employee Engagement. R-square value for the regression model 8 is 0.391 and about 39.10% level of employee engagement explained by Transformational Leadership Style when moderated by Organizational Commitment.

The R-square value for model 2 is 0.076, indicating that Transactional Leadership Style explains about 7.6% of the variation of Employee Engagement. When Transactional Leadership Style is moderated by Organizational Commitment, the R-square value is 0.306 as per model 9 and it indicates that the variation in Employee Engagement will be explained by 30.6% in this case.

The R-square value for the regression model 3 is 0.000 indicating any variation in Employee Engagement is not explained by Laissez-Faire Leadership Style. Whereas Laissez-Faire Leadership Style moderated by Organizational Commitment, the R-square value for the regression model 10 is 0.306. This shows that 30.6% of the variation in Employee Engagement is explained by Laissez-Faire Leadership Style moderated by Organizational Commitment.

The R-square value for regression model 4 is 0.298. This indicate that Organizational Commitment explain about 29.8% of the variation in Employee Engagement. R-square value for regression model 5 is 0.148, and hence 14.8% of variation in Organizational Commitment is explained by Transformational Leadership Style. R-square value for regression model 6 is 0.122, and hence 12.2% of variation in Organizational Commitment is explained by Transactional Leadership Style. R-square value for regression model 7 is 0.037, and hence 3.7% of variation in Organizational Commitment is explained by Laissez-Faire Leadership Style.

4.8.3. Analysis of Variance (ANOVA)

As indicated in the table 11 below, for all models with the exception of model 3, the p-value is less than 0.05 significant level. This indicate that the sample data provides sufficient evidence to conclude that the regression mode is well fit for those models. In other words, the p-value is highly significant and can be concluded that most leadership styles can predict employee engagement, organizational commitment also can predict employee engagement and leadership styles with organizational commitment as a mediator can predict employee engagement.

Table 11: *Analysis of Variance (ANOVA)*

	Description	F	Sig
Model 1	a. Predictors: (Constant), Transformational b. Dependent Variable: Engagement	102.586	.000 ^b
Model 2	a. Predictors: (Constant), Transactional b. Dependent Variable: Engagement	26.647	.000 ^b
Model 3	a. Predictors: (Constant), Laissez-Faire b. Dependent Variable: Engagement	.076	.783 ^b
Model 4	a. Predictors: (Constant), Organ. Commit b. Dependent Variable: Engagement	136.426	.000 ^b
Model 5	a. Predictors: (Constant), Transformational b. Dependent Variable: Organ. Commit	56.055	.000 ^b
Model 6	a. Predictors: (Constant), Transactional b. Dependent Variable: Organ. Commit	44.808	.000 ^b
Model 7	a. Predictors: (Constant), Laissez-Faire b. Dependent Variable: Organ. Commit	12.422	.000 ^b
Model 8	a. Predictors: (Constant), Transformational, Organ. Commit b. Dependent Variable: Engagement	68.390	0.000
Model 9	a. Predictors: (Constant), Transactional, Organ. Commit b. Dependent Variable: Engagement	47.147	0.000
Model 10	a. Predictors: (Constant), Laissez-Faire, Organ. Commit b. Dependent Variable: Engagement	47.544	0.005

Source: Researcher's survey data output (2020)

4.8.4. Coefficient of Variables

The regression coefficient result of the Models showed that (see table 12 below), transformational leadership style has positive and significant effect on employee engagement ($a = 0.531$, $p = .000$). The positive effect of transformational leadership style on employee engagement implies that whenever transformational leadership style followed by leaders, employee engagement will increase significantly. In other words, the regression coefficient for transformational leadership style indicates a unit change in transformational leadership style will lead to approximately 53.1% increase in employees' engagement. When organizational commitment put as a mediator, transformational leadership style has a

positive and significant effect on employee engagement ($a = 0.357, p = 0.000$). In other words, the regression coefficient for transformational leadership style as moderated by organizational commitment indicates a unit change in transformational leadership style will lead to approximately 35.7% increase in employees' engagement.

Transactional leadership style has positive and significant effect on employee engagement ($a = 0.322, p = 0.000$). The positive effect of transactional leadership style on employee engagement implies that whenever transactional leadership style followed by leaders, employee engagement will increase significantly. In other words, the regression coefficient for transactional leadership style indicates a unit change in transactional leadership style will lead to approximately 32.2% increase in employees' engagement. When organizational commitment put as a mediator, transactional leadership style has a positive and significant effect on employee engagement ($a = 0.191, p = 0.000$). In other words, the regression coefficient for transactional leadership style as moderated by organizational commitment indicates a unit change in transactional leadership style will lead to approximately 19.1% increase in employees' engagement.

Laissez-Faire leadership style has positive and insignificant effect on employee engagement ($a = 0.011, p = 0.783$). The positive effect of laissez-faire leadership style on employee engagement implies that whenever laissez-faire leadership style followed by leaders, employee engagement will increase but insignificantly. In other words, the regression coefficient for laissez-faire leadership style indicates a unit change in laissez-faire leadership style will lead to approximately 11% increase in employees' engagement. When organizational commitment put as a mediator, laissez-faire leadership style has a positive and significant effect on employee engagement ($a = 0.148, p = 0.000$). In other words, the regression coefficient for laissez-faire leadership style as moderated by organizational commitment indicates a unit change in laissez-faire leadership style will lead to approximately 14.8% increase in employees' engagement.

The regression coefficient result of the Models showed that, organizational commitment has positive and significant effect on employee engagement ($a = 0.490, p = .000$). The positive

effect of organizational commitment on employee engagement implies that whenever an employee committed, engagement will increase significantly. In other words, the regression coefficient for organizational commitment indicates a unit change in organizational commitment will lead to approximately 49% increase in employees' engagement.

The regression coefficient result of the Models showed that, transformational leadership style has positive and significant effect on organizational commitment ($a = 0.463$, $p = .000$). The positive effect of transformational leadership style on organizational commitment implies that whenever transformational leadership style followed by leaders, organizational commitment will increase significantly. In other words, the regression coefficient for transformational leadership style indicates a unit change in transformational leadership style will lead to approximately 46.3% increase in employees' engagement.

The regression coefficient result of the Models showed that, transactional leadership style has positive and significant effect on organizational commitment ($a = 0.453$, $p = .000$). The positive effect of transactional leadership style on organizational commitment implies that whenever transactional leadership style followed by leaders, organizational commitment will increase significantly. In other words, the regression coefficient for transactional leadership style indicates a unit change in transactional leadership style will lead to approximately 45.3% increase in employees' engagement.

The regression coefficient result of the Models showed that, laissez-faire leadership style has positive and significant effect on organizational commitment ($a = 0.153$, $p = .000$). The positive effect of laissez-faire leadership style on organizational commitment implies that whenever laissez-faire leadership style followed by leaders, organizational commitment will increase significantly. In other words, the regression coefficient for laissez-faire leadership style indicates a unit change in laissez-faire leadership style will lead to approximately 15.3% increase in employees' engagement.

Table 12: *Coefficients of Variables*

	Description	Unstandardized		Standardized	t	Sig
		B	Std. Error	Beta		
Model 1	(Constant) Transformational ^a	1.667	.193		8.652	.000
		.531	.052	.492	10.128	.000
Model 2	(Constant) Transactional ^b	2.560	.202		12.651	.000
		.322	.062	.276	5.162	.000
Model 3	(Constant) Laissez-Faire ^c	3.556	.112		31.655	.000
		.011	.040	.015	.275	.783
Model 4	(Constant) Organ. Commit ^d	2.067	.134		15.378	.000
		.490	.042	.546	11.680	.000
Model 5	(Constant) Transformational ^e	1.424	.227		6.271	.000
		.463	.062	.385	7.487	.000
Model 6	(Constant) Transactional ^f	1.654	.219		7.538	.000
		.453	.068	.350	6.694	.000
Model 7	(Constant) Laissez-Faire ^g	2.693	.123		21.958	.000
		.153	.043	.193	3.524	.000
Model 8	(Constant) Transformational & Organ. Commit ^h	1.667	.193		8.652	.000
		0.357	0.510		7.000	.000
Model 9	(Constant) Transactional & Organ, Commit ⁱ	2.560	0.219		7.534	.000
		0.191	0.045		10.304	.000
Model 10	(Constant) Laissez-Faire & Organ. Commit ^h	3.556	.123		21.958	.000
		0.148	0.043		11.892	.000

Source: *Researcher's survey data output (2020)*

a.b.c.d.h.i.j. Dependent variable = Employee Engagement, e.f.g. Dependent variable = Organizational Commitment

4.9. Discussion

The study result indicated that the effect of transformational leadership style on employee engagement is significant. Hypothesis 1 stated that there is a significant relationship between transformational leadership style and employee engagement. Thus, the finding of the study supports hypothesis 1 (H1). It is, therefore, in agreement with the findings of May, Gibson & Harter, 2004; Macey & Schneider, 2008; Walumbwa, 2008; Xu & Thomas, 2011, Zhang (2010).

Similarly, the study result indicated that the effect of transactional leadership style on employee engagement is significant. Hypothesis 2 stated that there is a significant relationship between transactional leadership style and employee engagement. Thus, the finding of the study supports hypothesis 2 (H3). Therefore, it is in agreement with the findings of May, Gibson & Harter, 2004; Macey & Schneider, 2008; Walumbwa, 2008; Xu & Thomas, 2011 and against Zhabg (2010).

On the other hand, the study result indicated that the effect of laissez-faire leadership style on employee engagement is insignificant. Hypothesis 3 state that there is significant relationship between laissez-faire leadership style and employee engagement. Thus, the finding of the study does not support hypothesis 3 (H3). Therefore, it is in agreement with the findings of Deluga (1992) and against Cole (2010).

The study result indicated that the effect of organizational commitment on employee engagement is significant. Hypothesis 4 stated that organizational commitment is significantly related with employee engagement. Thus, the study finding supports hypothesis 4 (H4). Therefore, it is in agreement with the findings of Agyemang and Ofei (2013).

The study result indicated that the effect of transformational leadership style on organizational commitment is significant. Hypothesis 5 stated that there is a significant relationship between transformational leadership style and organizational commitment. Thus, the finding of the study supports hypothesis 5 (H5). It is, therefore, in agreement with the findings of Lee (2005), Almutari (2013), and Teshome T (2011).

Similarly, the study result indicated that the effect of transactional leadership style on organizational commitment is significant. Hypothesis 6 stated that there is a significant relationship between transactional leadership style and organizational commitment. Thus, the finding of the study supports hypothesis 6 (H6). It is, therefore, in agreement with the findings of Gebrehiwot, B. (2016), Javaidand Mirza (2012) and Buciunine & Shudiene (2008).

The study result indicated that the effect of laissez-faire leadership style on organizational commitment is significant. Hypothesis 7 stated that there is a significant relationship between laissez-faire leadership style and organizational commitment. Thus, the finding of the study supports hypothesis 7 (H7). It is, therefore, in agreement with the findings of Mahmood A. (2015).

The study result indicated that the effect of transformational leadership style on employee engagement when mediated by organizational commitment is significant. Hypothesis 8 stated that there is a significant relationship between transformational leadership style and employee engagement when mediated by organizational commitment. Thus, the finding of the study supports hypothesis 8 (H8) as there is a significant and partial mediation. The result is neither supported nor rejected by any empirical evidences since, to the best of researcher's knowledge, there is no any research done on the effect of transformational leadership style on employee engagement when mediated by organizational commitment.

The study result indicated that the effect of transactional leadership style on employee engagement when mediated by organizational commitment is significant. Hypothesis 9 stated that there is a significant relationship between transactional leadership style and employee engagement when mediated by organizational commitment. Thus, the finding of the study supports hypothesis 9 (H9) as there is a significant and partial mediation. The result is neither supported nor rejected by any empirical evidences since, to the best of researcher's knowledge, there is no any research done on the effect of transactional leadership style on employee engagement when mediated by organizational commitment.

The study result indicated that the effect of laissez-faire leadership style on employee engagement when mediated by organizational commitment is significant. Hypothesis 10

stated that there is a significant relationship between transformational leadership style and employee engagement when mediated by organizational commitment. Thus, the finding of the study supports hypothesis 10 (H10) as there is a significant and full mediation. The result is neither supported nor rejected by any empirical evidences since, to the best of researcher's knowledge, there is no any research done on the effect of transformational leadership style on employee engagement when mediated by organizational commitment.

4.10. Summary of Hypothesis

Table 13: *Tested Hypothesis and Result*

	Description	Result
H1	There is a significant relationship between transformational leadership style and employee engagement	Accepted
H2	There is a significant relationship between transactional leadership styles and employee engagement	Accepted
H3	There is a significant relationship between laissez-faire leadership style and employee engagement	Rejected
H4	There is a significant relationship between organizational commitment and employee engagement	Accepted
H5	There is a significant relationship between transformational leadership style and organizational commitment	Accepted
H6	There is a significant relationship between transactional leadership style and organizational commitment	Accepted
H7	There is a significant relationship between laissez-faire leadership style and organizational commitment	Accepted
H8	The relationship between transformational leadership style and employee engagement will be significant with organizational commitment put as a mediator	Accepted
H9	The relationship between transactional leadership style and employee engagement will be significant with organizational commitment put as a mediator	Accepted
H10	The relationship between laissez-faire leadership style and employee engagement will be significant with organizational commitment put as a mediator	Accepted

Source: Researcher's survey data output (2020)

Chapter Five

5. Summary of Findings, Conclusion and Recommendation

This chapter presents findings, conclusion on the basis of the study result and relevant recommendations for action as well as for future research based on objectives of the study mentioned in Chapter One.

5.1. Summary of Findings

The objective of this study was to assess the effect of leadership styles on employee engagement, the effect of organizational commitment on employee engagement, to assess the effect of leadership styles on organizational commitment and to assess the mediating role of organizational commitment on the relationship between leadership styles and employee engagement in the context of Dashen Bank SC.

Based on the objectives and hypotheses of the study, questionnaire (study instruments) was selected and organized from existing literature to measure the research variables. Out of 348 questionnaires distributed, 324 (93.10%) valid questionnaires were collected and used for the analysis. The collected data was analyzed using statistical package for social science software (SPSS) v20. Regression analyses was employed for testing the hypotheses. Prior to applying regression analysis, reliability, correlation analysis and other preliminary tests (like multicollinearity, linearity, normality and homoscedasticity tests) were performed. With regard to the reliability, the results showed that all measures used in this study had an acceptable level of reliability. Pearson correlation also indicated no problem of multicollinearity. With regard to other preliminary testes the results showed that there were no significant data problems that would lead to say the assumptions of regression analysis had been seriously violated.

The results of hypotheses testing indicated that the effect of transformational leadership style on employee engagement is significant (H1). Similarly, the results also confirmed that the effect of transactional leadership style on employee engagement is significant (H2). On the other hand, the effect of laissez-faire leadership style on employee engagement is not

significant (H3). The effect of organizational commitment on employee engagement found to be significant (H4). Whereas, the three leadership styles under consideration (transformational, transactional and laissez-faire) have significant effect on organizational commitment (H5, H6 and H7). In addition to that the three styles of leadership considered in the study have significant effect on employee engagement when mediated by organizational commitment (H8, H9 and H10). Organizational commitment has a partial mediation effect in the relationship between transformational and transactional leadership styles with employee engagement and full mediation effect on the relationship between laissez-faire leadership style and employee engagement. Therefore, the results reported in this study support hypothesis H1, H2, H4, H5, H6, H7, H8, H9 and H10, whereas H3 is the only rejected hypothesis.

5.2. Conclusion

Based on the results of the study the researcher made the following conclusions:

- ❖ Employee engagement level is affected by transformational leadership style. This implies that employees' engagement level will increase when they lead by a leader having a transformational leadership style better than any other leadership styles considered in this study.
- ❖ Employee engagement level is also affected by transactional leadership style. This implies that employees' engagement level will increase when they lead by a leader having a transactional leadership style though not better than transformational leadership style.
- ❖ Employee engagement level is not affected by laissez-faire leadership. This implies that employees' engagement level will not increase when they lead by a leader having a laissez-faire leadership style as compare to those leadership styles under consideration.
- ❖ The extent of organizational commitment will determine the level of employee engagement. This implies that the level of engagement of a committed employee is better than that of not committed employee.

- ❖ Organizational commitment of an employee is affected by any leadership styles (either transformational, or transactional or laissez-faire) employed in the bank. This implies that irrespective of the leadership styles employed, its impact on organizational commitment is massive.
- ❖ Organizational commitment mediates the relationship between the three leadership styles under consideration and employee engagement, with a varied degree. The mediation was partial in case of transformational and transactional leadership styles, whereas, there was full mediation when the leadership style was laissez-faire.

5.3. Recommendation

Based on the findings and the conclusions made thereof, the following recommendations are provided:

- As tested and proved transformational leadership style by itself play an important role in bringing employee engagement, Dashen Bank needs to train its top management members continuously so as to lead their subordinates with a transformational leadership style.
- Since transactional leadership style also tested to bring employee engagement by itself, displaying such leadership style by the Bank's leaders also recommended to be part of a customary leadership style next to transformational leadership style.
- The finding encourages Dashen Bank to focus on how to implement factors that affirm organizational commitment as it is certain that commitment brings high level of employees' engagement.
- Dashen Bank should not encourage displaying those leaders in favor of laissez-faire leadership style since it doesn't have a significant effect on bringing employee engagement. But it is recommended to display such leadership style if and only if organizational commitment is affirmed in Dashen Bank, since then and only then laissez-faire leadership style will result in increasing employee engagement.

- Dashen Bank should conduct employee engagement and organizational commitment survey regularly (at least once in a year) to gauge the level and take timely measures in the leadership styles exercised per the pulse rate identified by the survey.

5.4. Future Consideration

In order to broaden the knowledge hub on the study under consideration, future interested researchers can consider the following points:

- ❖ This research is limited to staff of the bank only in Addis Ababa and hence can be extended to the entire work force of the Bank so as to increase the sample size to further increase representativeness of the study
- ❖ The relationship between leadership styles and employee engagement can be checked with other mediating variables, like Collaboration, organization culture and others.
- ❖ To improve the result of the research, future researchers can see it by break down the mediating and dependent variables used in this study, as stated in the literature part.
- ❖ The quality of the finding can be improved by using additional data collection instruments; like interview, focus group discussion and others.
- ❖ Further generalization on the findings can be strengthened in the banking industry by conducting the study in multiple banks in Ethiopia.

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Annex



Dear valued respondent;

I am Tadiyos Tesfaye, a student at Addis Ababa University College of Business and Economics. I am conducting a research with a title of: *The Mediating role of Organizational Commitment on the relationship between Leadership Styles and Employee Engagement: The Case of Dashen Bank S.C.* as final requirement for the accomplishment and award of Executive Master of Business Administration.

I request you to kindly respond to a few questions, which take less than 20 minutes. Your participation in the study is voluntary and all the data you provide will be strictly confidential and used for the stated research purpose only.

Thank you for your participation and if you have any question(s) please contact me at +251911615318 or via e-mail address tadiyos.t@gmail.com.

Tadiyos Tesfaye

Part – I: General demographic information

Please put an “X” mark in the box of your choice and make it to the nearest year bracket for months in your years of age and service in Dashen Bank (DB).

- 1. Age: 18-25 yrs 26-35 yrs 36-45 yrs above 45 yrs
- 2. Gender: Male Female
- 3. Education: College diploma First Degree Second Degree & Above
- 4. Year of service in DB: 1 - 5 yrs 6 - 10 yrs 11 - 15 yrs Above 15 yrs

Part – II: Five point “Likert scale” questions

Please express your level of agreement to the following questions by putting “X” marks in the appropriate box. Number in the score box represents your level of agreement in the statement as follows: - 5 represents “Strongly Agree”, 4 represents “Agree”, 3 represents “Moderately Agree”, 2 represents “Disagree” and 1 represents “Strongly Disagree”.

A. Leadership style

No	Statements	Score				
		1	2	3	4	5
1	My supervisor/leader talks about his/her most important values and beliefs					
2	My supervisor/leader stresses the importance of having a strong sense of purpose					
3	My supervisor/leader considers the moral and ethical consequences of decisions					
4	My supervisor/leader emphasizes the importance of having a collective sense of mission					
5	My supervisor/leader inspire me for being associated with him/her					
6	My supervisor/leader goes beyond self-interest for the good of the group					
7	My supervisor/leader acts in ways that builds my respect					
8	My supervisor/leader displays a sense of power and confidence					
9	My supervisor/leader talks optimistically/positively about the future					
10	My supervisor/leader talks enthusiastically/passionately about what needs to be accomplished					
11	My supervisor/leader articulates a compelling/convincing vision of the future					
12	My supervisor/leader expresses confidence in that goals will be achieved					
13	My supervisor/leader re-examines critical assumptions to questions when they are appropriate					
14	My supervisor/leader seeks differing perspectives when solving problems					
15	My supervisor/leader gets/makes me to look at problems from many different angles					

16	My supervisor/leader suggests new ways of looking at how to complete assignments/jobs					
17	My supervisor/leader spends time in teaching and coaching					
18	My supervisor/leader treats me as an individual rather than just as a member of a group.					
19	My supervisor/leader considers me as having different needs, abilities, and aspirations from others.					
20	My supervisor/leader helps me to develop my strengths					
21	My supervisor/leader provides me with assistance in exchange for my efforts					
22	My supervisor/leader is specific about who is responsible for reaching performance targets					
23	My supervisor/leader makes clear what one can expect to receive when performance goals are achieved					
24	My supervisor/leader expresses satisfaction when I meet expectations					
25	My supervisor/leader focuses attention on mistakes and deviations from standards					
26	My supervisor/leader concentrates his/her full attention on dealing with mistakes, complaints, and failures.					
27	My supervisor/leader keeps track of all mistakes					
28	My supervisor/leader directs my attention toward failures to meet standards					
29	My supervisor/leader fails to interfere until problems become serious					
30	My supervisor/leader waits for things to go wrong before taking action					
31	My supervisor/leader shows that he/she is a firm believer in "If it isn't breaking, don't fix it."					
32	My supervisor/leader demonstrates that problems must become chronic/ persistent before taking action.					
33	My supervisor/leader avoids getting involved when important issues arise					
34	My supervisor/leader is absent when needed					
35	My supervisor/leader avoids making decisions.					
36	My supervisor/leader delays responding to urgent questions					

B. Organizational commitment

1	I feel like part of the family at Dashen Bank					
2	Dashen Bank has a great deal of personal meaning for me					
3	I feel a strong sense of belonging to Dashen Bank					
4	I feel emotionally attached to Dashen Bank					
5	Too much of my life would be disrupted if I decided that I wanted to leave Dashen Bank now					
6	I would not leave Dashen Bank right now because of what I would stand to lose					
7	It would be very costly for me to leave Dashen Bank right now					
8	For me personally, the cost of leaving Dashen Bank would be far greater than the benefit					

9	Even if it were to my advantage, I do not feel it would be right to leave Dashen Bank now					
10	I would violate a trust if I quit my job with Dashen Bank now					
11	I would feel guilty if I left Dashen Bank now					
12	I would not leave Dashen Bank right now because I have a sense of obligation to the people in it					

C. Employee Engagement

1	When I get up in the morning, I feel like going to work					
2	At my work, I feel bursting/full with energy					
3	At my work, I always persevere/continue, even when things do not go well.					
4	I can continue working for very long periods of time					
5	At my job, I am very mentally resilient/relaxed					
6	At my job, I feel strong and vigorous/energetic					
7	To me, my job is challenging					
8	My job inspires me					
9	I am enthusiastic/passionate about my job					
10	I am proud of the work that I do					
11	I find the work that I do full of meaning and purpose					
12	When I am working, I forget everything else around me					
13	Time flies when I am working					
14	I get carried away when I am working					
15	It is difficult to detach myself from my job					
16	I am immersed/absorbed in my work					
17	I feel happy when I working intensely					

Once again, I thank you very much for your participation!