

Addis Ababa
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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MA PROGRAM IN HUMAN RESOURCE MANAGEMENT**

The Effect of Leadership Style on Employee Performance

**In Some Selected Non-Governmental Organizations: Orbis International Ethiopia, Family
Guidance Association and Fred Hollows Foundation**

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**A Thesis Submitted to Addis Ababa University School of Commerce in Partial
Fulfillment of the Requirement for a Degree in Master of Arts in Human
Resource Management**

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Addis Ababa

Declaration

I, **Woineshet Haileyesus Desta**, MA student in Human Resource Management (HRM), declare that the research project titled, **The Effect of Leadership Style on Employee Performance In Some Selected Non-Governmental Organizations**: is my original work under the guidance and supervision of the research Advisor. It has not been submitted for any degree in any university. All cited documents have been acknowledged duly.

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School of Commerce

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Abstract

The purpose of this study was to examine the effect of leadership style on employee performance in some selected None Government Organizations. A sample size of 160 was used from three selected NGOs in Addis Ababa using stratified sampling technique. The study adopted explanatory research design. A five point likert scale structured questionnaire was used for data collection. Statistical Package for Social Science (SPSS) software was used in analyzing the questionnaires. Descriptive statistics was used to measure the central tendency through use of mean scores, percentages, frequencies and presented in tables and charts. Regression analysis was used to establish the relationship between the study variables.

The study found that all the three leadership styles namely democratic, autocratic and laissez-fair are practiced at Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation. Democratic leadership style is predominantly exhibited by the leaders of these organizations followed by Laissez-faire leadership style. Autocratic leadership style is the least practiced by the supervisors. The study revealed that the task and contextual performance of the employees working at the three selected organizations is high. Lastly, the study found that leadership style of the managers affect the employee performance either negatively or positively. Accordingly, democratic leadership style and laissez-faire leadership style positively affect employees' performance. Thus, hypotheses in relation to these factors were accepted. On the other hand, autocratic leadership style insignificantly negatively affects employee performance and the tested hypothesis in relation to this variable was rejected.

The study recommends that supervisors to practice more of laissez-faire leadership style to enhance the performance of employees. Though the result of the descriptive analysis shows that this leadership style has greater effect on employee performance, the managers should monitor the attitude, behavior of employees and situation and exhibit the right mix of the three types of leadership style depending on the situation.

Key Words – Leadership, Employee Performance, Democratic Leadership style, Autocratic Leadership style, Laissez-faire Leadership style.

CHAPTER ONE - INTRODUCTION

1.1 Background of the Study

Leadership is practiced in every organization such as in governmental organizations, business enterprises, different institutions, non-governmental organizations etc. in short it is practiced in every walk of life. In fact, leadership is using appropriate interpersonal styles and methods in guiding individuals and groups towards task accomplishment (Wood et. al, 2010). It is believed to be a key factor for improving the performance where success or failure relies on. Especially, Leadership plays crucial role in coping with the high competition, the shifting of cultures, the rapidly changing technology and other factors of today's business environment. To meet this fast changing and increasingly complex business environment, leader needs broader awareness on the new mix of competencies and leadership characteristics to help them make relevant, correct and timely decisions.

Leadership is all about results because leaders inspire, create opportunities, coach and motivate people to gain in their support on fundamental long-term choices (Wood et. al, 2010). The efficiency and effectiveness of leaders varies on their leadership style. It is further commented that leaders' behavior in leadership affected the quality of the organization outcome. Generally, leaders are responsible to promote harmony, prosperity, strength, happiness, psychological satisfaction and unity in the work place to get the best out of the employees.

The success for every organization is very much dependent on Employees' performance. Employees performance is a cooperation, considerate, and helpful acts that assist co-worker's performance and job dedication. It includes motivated acts such as working hard, taking initiative and following rules to support organizational objectives. Here, a good leader plays a vital role through understanding the importance and contributions of employees towards achieving the goals of the organization. It has to be realized that organizations cannot achieve their objective with the efforts of only one or two individuals. Consequently, motivating and coordinating employees and gaining collaboration and the collective effort will help to adopt the organizational goals. Similarly, Noormala and Syed (2009); Gerstner and Day (1997) argues that high quality leader-follower relationships impacted the employee performance, organizational

commitment, delegation, empowerment and job satisfaction. Hence, effective leadership can be a fundamental tool in maximizing organizational performance.

Therefore, this study focuses on Leadership, the crucial aspect of performance and success of the organization. The main idea behind is to assess the effect of leadership styles practiced on employees performance.

1.1.1 Overview of the Organizations to be Studied

Non-governmental organizations (NGOS) have emerged as an important catalyst of change in the development and democratic processes at both the national and international levels. They have begun to play a critical role in the worldwide drive for equality, social justice, human rights, fair trade, and the elimination of poverty.

In Ethiopia NGOs play a significant role in the social, political and economic development of the Country. In addition to this, NGOs play an important role around crisis and poverty alleviation and engage in activities such as agriculture, HIV/AIDS, integrated rural development, health, education, income generation, information services , refugees, street children, women issues, peace, governance, food security, self-help and youth (*Clark, 2000*).

The NGOs under study Orbis International Ethiopia (Orbis), Fred Hollows Foundation (FHF) and Family Guidance Association (FGA) are all working in the health sector. They are working in collaboration with Federal Ministry of Health as a major stakeholder. FGA is a direct implementer while the other two are funding organization and works through other Zonal, Regional and Woreda health, education and Finance bureaus.

The staff composition of the organizations under study are made up of program, Operations/Administrative and Finance each section are led by Managers/Directors who have a significant leadership role affecting the employees performance.

Every organization is set up with the expectations of effective and efficient performance which is achieved through people, the greatest asset in high performing organizations. The extent to which this performance and growth objectives are achieved is mostly determined by the type of

leadership style used in the organization. The effectiveness of a particular leadership style is dependent on the organizational situation.

This emphasizes the need to identify the type of leadership being practiced at each organizations and its effect on employees' performance which is a necessary step to apply the appropriate behavior that can enhance employees' performance. Hence, this study will try to identify the type of leadership style practiced in the selected organizations and its positive or negative effect on employees' performance.

1.2 Statement of the Problem

An organization without good leadership is like a ship without a captain where resources are wasted despite their scarce nature (Khamis, 2008). Managers or leaders are expected to show an appropriate behavior towards employees that fits with the culture and general situation of the organization. Various organizations need strong leadership styles that can stimulate the employee performance. Employee performance seen in the notion of contextual performance that covers non-job-specific behaviours such as cooperation, dedication, enthusiasm and persistence and task performance which included executing defined duties, meeting deadlines, team input, and achieving departmental goals.

Organizations face poor innovation, low productivity, inability to meet performance targets. These problems happen as a result of lack of strategic interventions of specific leadership style to the particular situations (Iqbal et al, 2015). The aforementioned challenges have become a universal threat to all organizations which NGO sector is not an exception.

The researcher had conducted informal discussions with some employees of the organizations assigned at different level to find out the reasons for under planning, the inability to meet performance targets, sustainability issues that most NGOs faces. As a result, they believed that lack of effective leadership skill contributed to this problem and they also stated that mostly work schedule are task-focused and routine, with no flexibility yet decisions and policies are imposed on subordinates that has adverse effect on employees' performance. On the other hand, employees in many organizations including the organizations under study do not go beyond task

competence to foster behaviours for the enhancement of the climate and effectiveness of the organization.

That's why this study attempts to assess the leadership style that best stimulates performance of employees. Hence, the main purpose of the study will be to examine the effect of leadership style on employees' performance in Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation.

Many researches previously conducted didn't cover contextual aspects of employees' performance. This research also intended to fill this gap.

1.2.1 Research Question

This research tries to address the following key research questions:

1. What leadership style is currently being practiced at Orbis International, Family Guidance Association and Fred Hollows Foundation?
2. How do employees perceive their task and contextual performance?
3. What is the effect of the leadership styles on employees' performance?

1.3 Objective of the study

1.3.1 General Objective

The general objective of the study was to examine the leadership style and its effect on employees' performance at Orbis, FGA and FHF.

1.3.2 Specific Objective

The specific objectives are;

- To identify the existing leadership style being practiced at Orbis, FGA and FHF.
- To assess the effects of leadership style on employees' performance.
- To identify the perceptions of employees on their task and contextual performance

1.4 Significance of the Study

The findings will primarily be shared with the senior management of the studied NGO's, other similar organizations and interested stakeholders. Specifically, this study will help these NGOs to identify their leadership style and its effect on their employees' performance impacting the overall organizational performance. It will enable Leaders in identifying the best and the most appropriate leadership style that suits the organization's specific situation for enhanced staff performance. In addition, this study and the findings will serve as an input to support future similar studies. Finally, as such studies have not been widely undertaken in the NGO sector in the past, this study will add to the reference materials for similar studies.

1.5 Scope of the Study

The study only focuses on employees of Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation based in Addis Ababa. The study follows the Kurt Lewin's 3 styles Model and focused only in exploring how laissez-faire, autocratic and Democratic leadership styles stimulated the employees' performance which includes contextual performance that covers cooperation, dedication, enthusiasm and persistence; and task performance which include executing defined duties, meeting deadlines, team input, and achieving departmental goals.

1.6 Definitions of Key Terms

Under this topic conceptual definition of terms used in this study are presented.

Employee: any person employed by the organization either on a regular or temporary basis.

Leader: is someone who can influence others and who has managerial authority.

Leadership: is the process of influencing others to get the job done effectively over a sustained period of time.

Leadership style: a pattern of behavior that leaders display in order to achieve organizational goals

Performance: is a record of the person's accomplishments.

1.7 Organization of the Study

The study includes five major chapters. The first chapter presents the background of the study, statements of the problem, objective of the study, the research questions, definitions of terms, significant, scope, limitations and organization of the study. The second chapter reviews the empirical and theoretical aspects of all available related researches on the effect of leadership style on employee performance from within the country and out of country. The third chapter discusses the research design & approach, the types and source of data & the data collection methods that was used in the study, the target population and the sample design used to determine the sample size, method of data analysis tools. The fourth chapter deals with the analysis and result of the study. Finally, the conclusion and recommendation of the study is presented in the fifth chapter.

1.8 Statements of Hypothesis

- H1. The democratic leadership style positively affects employee performance in the selected Organization.
- H2. The Autocratic leadership style negatively affects employee performance in the organizations under study.
- H3. The laissez-faire leadership style positively affects employee performance in the organizations under study.

CHAPTER TWO - LITERATURE REVIEW

This part of the study reviews all available and related literatures. It tried to come-up with an insight on the leadership style and its effect on employees' performance from both the theoretical and empirical angle. The review was concluded by portraying the conceptual framework.

2.1 The Concepts of Leadership

According to Ngambi et al (2010) and Ngambi (2011) as cited by Obasan and Banjo (2014), leadership is influencing others commitment to use their full potentials in achieving a value added, shared vision with passion and integrity. An important factor in the leadership process is the relationship that a leader has with individual followers.

Leadership is a set of behaviors that supervisors and managers at all levels of seniority and hierarchy, experience and education can learn and apply. The expected outcome for all public, private, or non-profit organizations is the achievement of operational and strategic objectives with more committed employees (Kouzes and Posner, 2007 and 2011).

Leadership is necessary for many reasons. On supervisory level, leadership plays a vital role in designing the organizational system and to enhance subordinate motivation, effectiveness and satisfaction. At a strategic level, leadership is necessary to ensure the coordinated functioning of the organization as it interacts with dynamic external environment. Therefore, leadership is required to direct and guide organization and human resources toward the strategic objectives of the organization and ensure that organizational functions are aligned with the external environment (Antonakis et.al, 2004).

Leadership is "a social influence process in which the leader seeks the voluntary participation of subordinates in an effort to reach organizational objective". The study of leadership has been an evolutionary process. Leadership theories have been developed and refined by successive generations of research.

2.2 Leadership Theories

2.2.1 Trait Theory

Trait theory is the earliest approach used to study Leadership and back to as early as the twentieth century. During this time, the leadership research focused on isolating leader traits—that is, characteristics—that would differentiate leaders from non-leaders or more effective leaders from less effective leaders (Wood et. al, 2010). Some of the traits studied included physical stature, appearance, social class, emotional stability, fluency of speech, and sociability. Despite the best efforts of researchers, it proved impossible to identify a set of traits that would always differentiate a leader from a non-leader. Maybe it was a bit optimistic to think that a set of consistent and unique traits would apply universally to all effective leaders. However, later attempts to identify traits consistently associated with leadership (the process of leading, not the person) were more successful.

Researchers lately recognized that traits alone were not sufficient for identifying effective leaders. This is because it ignored the interaction of the leaders with their group members and the situational factors as well.

Therefore, leadership research from the late 1940s to the mid-1960s concentrated on the preferred behavioral styles that leaders demonstrated. Researchers wondered whether something unique in what effective leaders did—in other words, in their behavior—was the key.

The trait leadership theory believes that people are either born or are made with certain qualities that will make them excel in leadership roles. That is, certain qualities such as intelligence, sense of responsibility, creativity and other values puts anyone in the shoes of a good leader.

2.2.2 Behavioral Theories

According to the behavioural approach to leadership, anyone who adopts the appropriate behaviour can be a good leader. Researchers on leadership behaviour who followed the behaviour approach to leadership, attempted to uncover the behaviours in which leaders engage rather than what traits a leader possesses.

Thus, researchers were able to measure the cause and effects relationship of specific human behaviors from leaders. From this point forward anyone with the right conditioning could have access to the once before elite club of naturally gifted leaders. In other words, leaders are made not born.

Researchers hoped that the behavioral theories approach would provide more definitive answers about the nature of leadership than did the trait theories. The three main leader behavior studies are described below.

2.2.2.1 Ohio State studies

Two leadership behaviors for the researchers of the Ohio State University studies are task-oriented and person-oriented behavior. The first concentrates on the effective accomplishment of a task. The second one is concerned with the establishment of a conducive working atmosphere with followers. In course of time, the scholars of this university named these behaviors as initiating structure and consideration respectively (Stogdill, 1974; Yukl, 2010).

2.2.2.2 University of Michigan Studies

Leadership studies conducted at the University of Michigan at about the same time as those being done at Ohio State also hoped to identify behavioral characteristics of leaders that were related to performance effectiveness. The Michigan group also came up with two dimensions of leadership behavior, which they labeled employee oriented and production oriented. Leaders who were employee oriented were described as emphasizing interpersonal relationships. The *production-oriented* leaders, in contrast, tended to emphasize the task aspects of the job. Unlike the other studies, the Michigan researchers concluded that leaders who were employee oriented were able to get high group productivity and high group member satisfaction (Wood et. al, 2010).

2.2.2.3 Managerial grid

The managerial grid was introduced by Blake and Mouton (1964). It focuses on the task and the people orientations of managers and combinations of concerns between the two extremes. This

grid is concerned with production (horizontal axis) and for people (vertical axis). The horizontal axis refers to a leader's production/task orientation, whereas the vertical axis refers to a people/employee orientation. Furthermore, these researchers proposed that "team management" was the most effective type of leadership behavior because it stressed both the employee and production orientations (Yukl, 2010; Wood et. al, 2010).

2.2.3 Contingency Theories

The Contingency Leadership theory argues that there is no single way of leading and that every leadership style should be based on certain situations, which signifies that there are certain people who perform at the maximum level in certain places; but at minimal performance when taken out of their element.

To a certain extent, contingency leadership theories are extensions of the trait theory, in the sense that human traits are related to the situation in which the leaders exercise their leadership. It is generally accepted within the contingency theories that leaders are more likely to express their leadership when they feel that their followers will be responsive. Under contingency theories there are three contingency theories—Fiedler, Hersey-Blanchard, and path-goal.

2.3 Leadership Models

Leadership models gives a picture as to why leaders act the way they do. The models also provide highlights how leaders behave to changing situation, organization and staff behavior (Simpson, 2012). Researchers identified various leadership models. Some of which are states below.

2.3.1 Behavioral Models

These models look at leaders most effective behaviors. As represented by the Managerial grid modes developed by the Blake and Mouton, there are five basic leadership styles namely: impoverished leadership, authority-obedience leadership, country-club leadership, middle-of-the-road leadership, and team leadership.

- **Impoverished Leadership style (Indifferent):** Low concern for people and productivity
Leaders practicing this style avoid being blamed for any mistake. Innovation and creativity are stifled. This leads to team demotivation and dissatisfaction.
- **Authority-Obedience Leadership Style (produce/perish/Doctorial):** Low concern for productivity
Staffs needs are ignored. Leaders assumes that staffs are expected to perform in turn of the salary they are paid. They tend to apply rules, punishment and sanctions to ensure goals are met.
- **Country-Club Leadership Style (Accommodating):** High concern for people/Low concern for Productivity.
The principle in this leadership style people will work hard wthey are happy and felt secured. In doing so, they create relaxed working culture with plenty of fun. This may turn low productivity due to low direction and control.
- **Middle-of-The-Road Leadership Style (Status Quo):** Mid-scale balance of people and productivity.
Leaders following this style attempt to balance the needs of the staff and the organization. Their ultimate goal is to achieve medium or average performance.
- **Team Leadership (Sound):** High productivity/high concern for people
Leaders who choose this style encourage commitment and teamwork. The style requires that staff feel that they are constructive parts of the organization.

2.3.2 Functional Leadership Model

The Functional leadership model does not address behavior of the leader. It focuses on the responsibility of the leader. This model encompasses two types of models:

- Kouzes and Posner's Five leadership practices

Kouzes and Posner suggested that leadership is a collection of behavior and practices as opposed to a position. They identified five practices that allow the job to get done.

1. Model the way: clarify values and set an example
2. Inspire a shared vision: Enlist others envision the future
3. Challenge the process: Experiment & take risk search for opportunities
4. Enable others to act: Foster collaboration strengthen others
5. Encourage the heart: Recognize contributions, celebrate victories, values and accomplishment

- **John Adair's Action Centered Leadership**

This leadership symbolizes three overlapping responsibilities of leader: **The Task**, **Building the team** and **develop individuals**.

The Task: leaders are in charge with getting the job done for which the team exists. For this reason, leaders focus on this element.

Building the Team: The approach is to ensure the greater good of the team rather than individual. The aim is to bring the team supportive of each other, understand their contribution and expectations and take shared responsibilities for reaching the 'goal'.

Develop individuals: recognize the needs of individuals within a group - recognizes, praise, safety, status etc...

2.3.3 Integrated Models

James Scouller defined the main model in this leadership approach in his "three levels of leadership": Personal, private and public which are further labeled as inner and outer level leadership.

The outer levels consist of Public and private leadership where public leadership are the behaviours involved in influencing two or more people and private leadership the behaviors involved in influencing on a one-to-one basis.

The inner levels are concerned with leaders' presence, skill and know how.

2.3.4 Situational/Contingency Models

These models are based on the principle that behavior is determined and influenced by the situation the leaders find themselves in. There are various models under situational models of leadership. The main models in this group are:

- **Bolman & Deals 4 frame model:** Leaders approach the organization in the view of structural, political, human resources and symbolic.
- **Hersey and Blanchard's Situational leadership model:** this model is based around the idea that there is no one optimum style of leadership. Hersey and Blanchard defined leadership style in terms of Telling, selling, participating, delegating.
- **Kurt Lewin's 3 style model:** Kurt Lewin identified three styles of leading. These were:
 - Autocratic (Authoritarian)
 - Democratic (Participative)
 - Laissez-faire (Delegate)
- **Path-Goal Theory:** The model states that motivating team is the main role of a leader. It also identified four leadership styles: Directive, Supportive, participative and Achievement orientated.
- **Tannenbaum & Schmidt's Leadership Behavior Continuum Model:** Concentrated on the Decision making element of leadership
- **The Fieldler Contingency Model:** The model is based on the premise that the effectiveness of a leader is based on two forces: leadership style and situational favorableness
- **Vroom-Yetton leadership Model:** These model states that the best style of leadership is contingent on the situation. They identified five leadership styles for group decision

making these are Autocratic type 1 (A), Autocratic type 2 (AII), consultative type 1 (CI), Consultative type 2 (CII) and Group based type 2(GII).

2.4 Leadership styles

Schermerhorn (1999) believed that leading is a process used to motivate and to influence others to work hard in order to realize and support organizational goals, while Hersey (2001) believed that leadership influences individuals' behavior based on both individuals' and organizational goals. Robbins (2001) characterized leadership as the capacity of a person to impact the conduct of a gathering to accomplish organizational objectives. Leadership is a process that has three core components Leaders, Followers and Situation. As per the authors there are different leadership styles. Whatever leadership style one is following among the below mentioned styles, it is obvious that all leadership styles are situation bases and dependents on the scenario very much. The following sections will discuss the three types of leadership identified by Kurt Lewin under situational leadership models among the different types of leadership styles.

2.4.1 Democratic Leadership

Democratic leadership style is exhibited where the focus of power is more towards the group as a whole, and where there is greater interaction within the group (Mullins, 2002), the manager shares the leadership functions with members of the group where he or she takes part as a team member. The manager would characteristically lay the problem before the subordinates and invite discussion. In this respect the manager's role is to be a conference leader rather than that of decision taker. The manager allows the decision to emerge out of the process of the group discussion, instead of imposing it on the group as a boss. This leadership style is appropriate only in instances where the nature of the responsibility associated with the decision such that group members are willing to share with their manager, or alternatively the manager is willing to accept responsibility for decisions, which he or she has not made personally.

Democratic leaders encourage group members to participate but retain the final say in the decision-making process. Group members feel engaged in the process and are more motivated and creative. Democratic leaders tend to make followers feel like they are an important part of the team, which helps foster commitment to the goals of the group.

2.4.2 Autocratic Leadership

Autocratic leaders, also known as authoritative leaders, provide clear expectations for what needs to be done when it should be done, and how it should be done. This style of leadership is strongly focused on both commands by the leader and control of the followers. There is also a clear division between the leader and the members. Autocratic leaders make decisions independently with little or no input from the rest of the group.

Autocratic leadership is best applied to situations where there is little time for group decision-making or where the leader is the most knowledgeable member of the group. The autocratic approach can be a good one when the situation calls for rapid decisions and decisive actions. However, it tends to create dysfunctional and even hostile environments, often pitting followers against the domineering leader.

This is a leadership style that motivates employees by engaging higher goals and good values which can move employees to perform past desires and change both people and organizations (Bass, 1985).

2.4.3 Laissez-Faire Leadership

Laissez-faire in French literally means to let people do as they choose. Laissez-faire leaders avoid making decisions, abdicate responsibilities, do not use authority, refuse to take sides in a dispute and show lack of interest in what is going on. Such leadership is considered active to the extent that the leader “chooses” to avoid taking action. This component is generally considered the most passive and ineffective form of leadership (Antonakis et al., 2003). A laissez-faire leader shows passive indifference about the task and subordinates, i.e. ignoring problems and subordinate needs (Yukl, 2008).

Laissez-faire leadership is not ideal in situations where group members lack the knowledge or experience they need to complete tasks and make decisions. Some people are not good at setting their own deadlines, managing their own projects and solving problems on their own. In such

situations, projects can go off-track and deadlines can be missed when team members do not get enough guidance or feedback from leaders.

Characteristics of laissez faire Leadership

- Very little guidance from leaders
- Complete freedom for followers to make decisions
- Leaders provide the tools and resources needed

2.5 Employee Performance

2.5.1 The Concepts of Employee Performance

The term “employee performance” signifies individual’s work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around.

According to Amstrong (2009), performance is both the behaviors and results of employees which means behaviors emanates from performer and transform performance from abstraction to action.

Employees Performance is defined in terms of effectiveness, efficiency and ongoing relevance (the extent to which the organization adapts to changing conditions in its environment). Performance effectiveness derives from human aspirations and human values that are invisible roots of organizational values, they determine the rational for which organizations exist. The task of a leader in the organization in this case will be too nurture the roots of organizational values, which consists of nothing but a basic human aspiration, that is the will to give.

2.5.2 Types of Employee Performance

As Tirarchy model of employee performance lists employee’s performance as Task performance, Contextual performance and Adaptive performance.

2.5.2.1 Task Performance

Task performance is related to cognitive ability expressed in behavioral role as recognized in job descriptions and by remuneration system, they are directly related to organizational performance.

2.5.2.2 Contextual Performance

Contextual Performances are value based and additional behavioral roles that are not recognized in job descriptions and covered by compensation; they are extra roles that employees are expected to go above and beyond the requirements listed in their job descriptions. Contextual performance includes volunteering for additional work, following organizational rules and procedures even when personally inconvenient, assisting and cooperating with coworkers, and various other discretionary behaviors.

2.5.2.3 Adaptive performance

Adaptive Performance in the work environment refers to adjusting to and understanding change in the workplace. An employee who is versatile is valued and important in the success of an organization. Employers seek employees with high adaptability, due to the positive outcomes that follow, such as excellent work performance, work attitude, and ability to handle stress.

2.5.3 Determinants of Employee Performance

2.5.3.1 Working conditions:

Workplace environment greatly impacts the employees' level of enthusiasm and performance. It could positively and negatively affect employee confidence, output and commitment.

2.5.3.2 The employee:

The level of employee performance is determined by the employee level of competence, motivation, support and incentives in order to perform effectively.

2.5.3.3 Leadership

The level of employees' performance is also highly dependent of the employees' manager who needs to provide continuing support and act as a role model, coach and stimulator and the appropriate leadership style the manager exhibits (Armstrong, 2009).

2.5.3.4 Compensation

It is a mere fact that every employee wants to be rewarded for his achievements. According to Armstrong (2005), compensation management is one of the important parts of human resource management in the move towards good organizational performance. As noted by Nkata (2005), the roles of recognition, training, employee involvement, and communication have been demonstrated to promote both organizational and employee effectiveness. With this in mind, managers are expected to: communicate clear expectations and boundaries; involve employees in decision-making, goal setting, and project development and recognize employees for their contribution to the organization.

2.6 Empirical review

Literature related to leadership style and employee performance are reviewed and explained under this section.

Basit et al. (2017) conducted a research on the Impact of leadership Style on Organizational Performance: A Case Study on A Private Organization in Malaysia. The sample size used by the researchers is 100. The study was conducted in a private company in Singapore, Malaysia using convenience sampling technique. A five-point Liker scale questionnaire was used to collect data. SPSS software used in analyzing the questionnaires. The findings showed that democratic Leadership style has significant positive impact on employees' performance. Autocratic leadership style, however, shows a significant negative impact on employee performance. Laissez-fair leadership style has positive style has positive impact on employee performance.

Ojokuku et al. (2012) conducted a research on the Impact of leadership Style on Organizational Performance: A Case Study of Nigeria Bank in Nigeria. The sample size used by the researchers is 60. The study contained twenty of random picked banks in Ibadan, Nigeria. A structured questionnaire was used to collect data from the heads of accountants, heads of operations, and

branch managers on face-to-face basis. Inferential statistical tool was used and one hypothesis was formulated to analyze data. Regression analysis was used to study the dimensions of significant effect of leadership style on followers and performance. The findings showed that there was positive and negative correlation between performance and leadership style. There was 23 percent variance of performance found in leadership style jointly predict organizational performance. This study concluded that transformational and democratic leadership styles have positive effect on both performance and followers, and are highly recommended to banks especially in this global competitive environment.

Anyango (2015), did research on “Effects of Leadership Styles on Employee Performance at Bank of Africa in Kenya: A dissertation submitted in partial fulfillment of the requirements for the Degree of Masters of Human Resources Management of the Open University of Tanzania. The result found from the study showed that it is inconsistency with the hypothesis of the study that : “the Autocratic leadership style positively affects employee performance in Bank of Africa Kenya” additionally, the study findings are inconsistent with studies imperially studied in the study. The study also found that laissez-faire leadership styles are insignificantly positively affect employee performance. These results are consistent with the study’s hypothesis which stated that “the laissez-faire leadership style does not affect employee performance in Bank of Africa Kenya”.

Belete (2015) studied the Effects of Leadership Style on Employees Performance in case of Kaffa Zone Higher Public Educational Institutions: The Thesis submitted to Jimma University, College of Business and Economics, Department of Management in partial fulfillment of the Requirements for the degree of master in Public Management (MPM) Program. The study concluded that Democratic Leadership does not influence employee performance which is consistent with the research hypothesis. It was further noted by the researcher that the administrative structure put in place is not flexible to the extent where the democratic culture can breed freely.

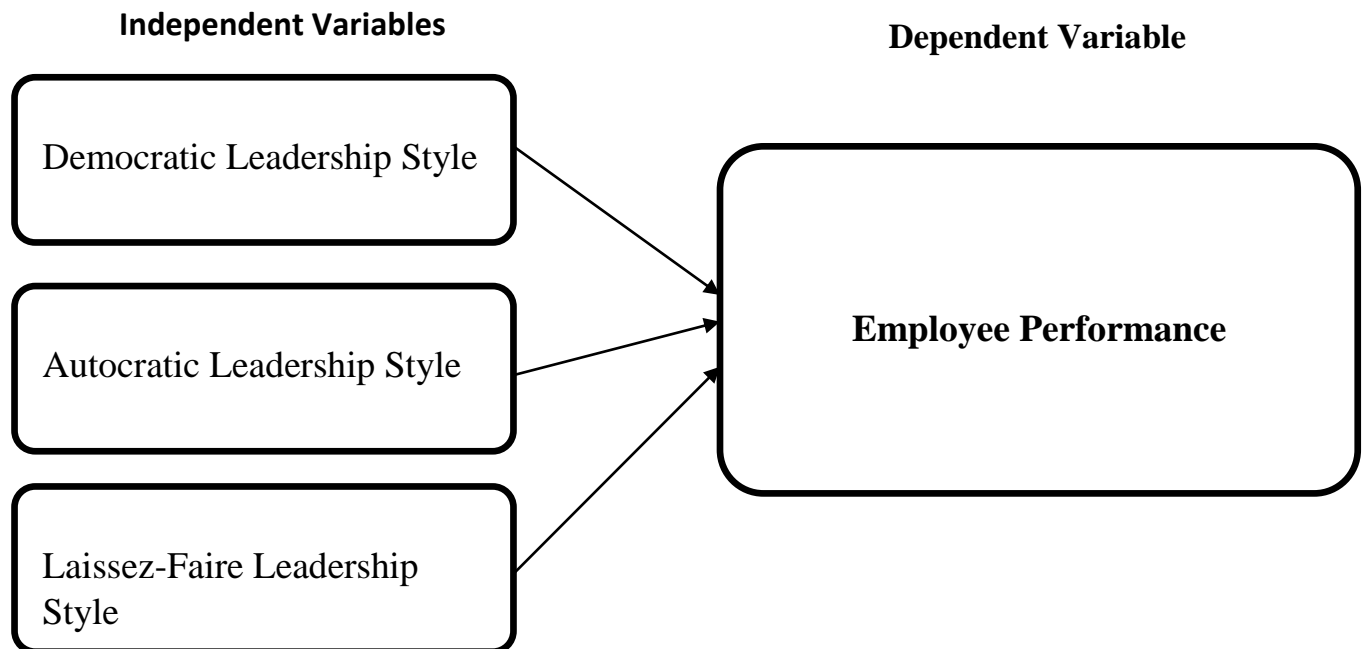
Result of the study also explored that there was a negative relationship between Autocratic leadership and employee performance. This meant that autocratic leadership affected individual

performance efficiency to work, individual innovation and creativity in Kaffa Zone higher public educational institutions. Finally, the findings of the study show that laissez-faire leadership negatively affects employees' performance which is inconsistent with the research hypothesis.

2.7 Conceptual Framework

Conceptual framework will be used to show the relationship between the Independent and dependent variable. Hence, the below figure will represent the study's conceptual framework that will explain the relationship between the two variables that make-up the basis of the study.

Figure 2.1: The Conceptual Frame Work



CHAPTER THREE - RESEARCH METHODOLOGY

This chapter discusses the methodology that was used to carry out the study. It discusses the data collection methods that were used to collect primary and secondary data required for the study. The research design and approach that were used, the data sources and population size, sampling design, validity test, ethical considerations, methods of data analysis and presentation.

3.1 Research Design and Approach

Research design is an advance planning of the methods to be adopted for collecting the relevant data and the analysis, objectively and economically. It is the conceptual structure that specifies the methods and procedures for collecting and analysing the information needed and ensures its relevance for solving a problem (Mark et. al, 2009). For the efficiency of the study and to yield maximal information, explanatory research design was used.

Similarly, this study used a combination of both quantitative and qualitative approaches. Qualitative approach used to explain the in-depth meaning of the constructed facts, the intimate relationship between researched situational constraints that shape the enquiry. For a systematic investigation of the study's determinants and quantitative properties, phenomena, their relationships and to measure the fundamental connection between empirical observation and mathematical expression of attributes quantitative approach were also used. (Kothari, 2004; Mark et. al, 2009).

3.2 Data Types and Sources

This study accessed primary and secondary data.

3.2.1 Primary Data

The primary data was collected using structured questionnaires. Questionnaires were distributed to selected employees of Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation. The employee selection was done by stratified sampling method.

3.2.2 Secondary Data

Employee data was assessed with the aim of identifying employees with a supervisory status. The study used prior research works, journal articles available online as a reference to support the findings of the study.

3.3 Methods of Data Collection

Self-administered questionnaire was distributed to selected employees of Orbis International, Family Guidance Association and Fred Hollows Foundation. The measurement of the leadership style was adopted from Bass and Avolio (1990) while the measurement of employees' performance was adopted from (Pradhan and Xavie, 2016).

3.4 Target Population & Sampling Design

3.4.1 Target Population

Populations of the study are employees, managers and supervisors of the selected organizations. There are a total of 962 employees working at the three organizations: Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation. Studying the whole of the population is impossible due to the difficulty of geographical accessibility of the field sites, the high cost and time requirements. For this reason, this study excluded project office employees and only those based in Addis Ababa was considered.

Orbis International Ethiopia, Fred Hollows Foundation and Family Guidance Association have 24, 35 and 215 employees at their head office and main branches in Addis Ababa respectively. Accordingly, a total of 274 employees who are based in Addis Ababa were considered as a target population from which sample populations were drawn.

3.4.2 Sampling Design

Stratified sampling technic was adopted to draw the sample of this study. Sampling is the process or technique of selecting a suitable sample, a subset from a larger population, for the purpose of determining parameters or characteristics of the whole population (Mark et. al, 2009; Zikmund et.al, 2009). Under the adopted sampling, stratified random sampling, the population was divided into sub-populations, called 'stratum', which are more homogeneous individually

than the total population. Likewise, this study consists of group of employees in program administration/operations and Finance sections of the selected organizations based in Addis Ababa.

To appropriately determine the sample of this study, the following formula was adopted.

$N = \text{total number of the target population which is 274 employees working in Addis Ababa}$

Sampling to be used stratified sampling

the study will adopt; $n=N/1+N(e^2)$

where: $N=Population$, $n = \text{sample size}$, $e=Margin\ of\ Error$, 95% confidence level and 5% standard of error.

$N=274$, $e=5\%$

$n=N/1+N(e^2)$

$n= 274/1+274(.052) = 160$

<u>Strata</u>	<u>Total # of employee</u>	<u>%Sample</u>	<u>Sample size</u>
Orbis Ethiopia Addis Ababa staff.....	24.....	9%.....	14
FGA Addis Ababa staff	35.....	13%.....	21
FHF Addis Ababa Staff	<u>215</u>	78%.....	<u>125</u>
Total number of Population.....	<u>274</u>		<u>160</u>

3.5 Data Analysis Technique

In order to make sense out of the collected data, analysis was conducted at the completion of the data collection and presented in a meaningful manner. The data, obtained through the structured questionnaires and relevant documents review were interpreted and summarized in line with respective theme against the background of the research questions and objectives. First the collected questionnaires was edited for completeness and consistency then coded to allow grouping under different categories. Then it was sorted per relevance and analyzed with the aid of computer, Statistical Package for the Social Sciences (SPSS) software, co-relation and regression analysis was used to test the identified factors association and or relationship.

CHAPTER FOUR - DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis of the data collected from the three None-Government Organizations: Orbis International Ethiopia, Family Guidance Associations and Fred Hollows Foundation. Out of the total one hundred sixty questionnaires distributed to respondents from the head offices and their main branches in Addis Ababa of the respective organizations, only 151 questionnaires received. This accounts 94.37% response rate. According to Zikmund, et.al, (2009), a response rate of 50% is acceptable and adequate for analysis as well as for reporting. Hence, the response rate of 94.38% is almost close to 100% and by far higher than the established acceptable rate.

A sample of the questionnaire given to respondents is found in appendix 1. Each question in the questionnaire has five optional answers: 1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Strongly agree. The data received from the respondents were analyzed quantitatively using SPSS version 20 and qualitatively. The survey major findings and associated results were interpreted and presented in light of the research questions and objectives. To test for the hypothesis, Pearson Coefficient correlation analysis was conducted to examine whether the hypothesis was accepted or rejected.

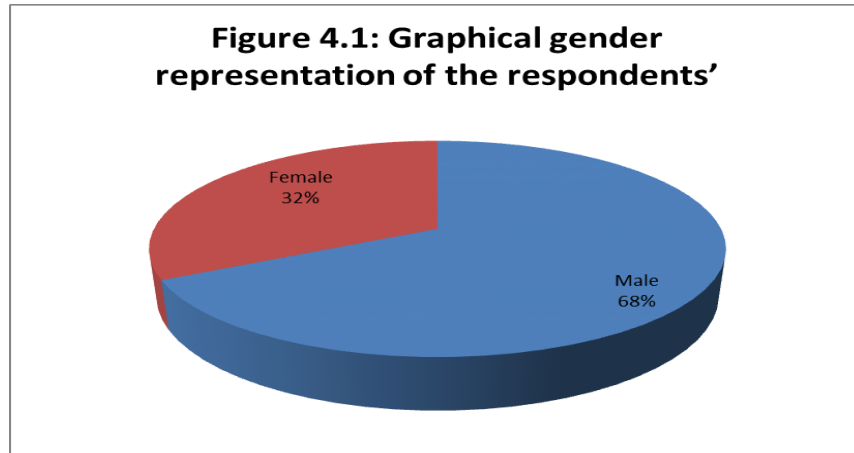
4.2 Demographic Characteristics of Respondents

Data on respondents' demographics were collected and analysed. Variables included were gender, age, qualification and experience. The result of demographic characteristics is shown in the following subsections.

4.2.1 Distribution of Respondents by Gender

As demonstrated in figure 4.1 below, the majority of the respondents, 102(67.5%), were male as opposed to female who were 46 (32.5%). Looking at the figures, it can generally be said that the margin between males and females is large. This implied that there was unequal representation of the male and female employees in the selected NGOS.

Figure 4.1: Gender Distribution

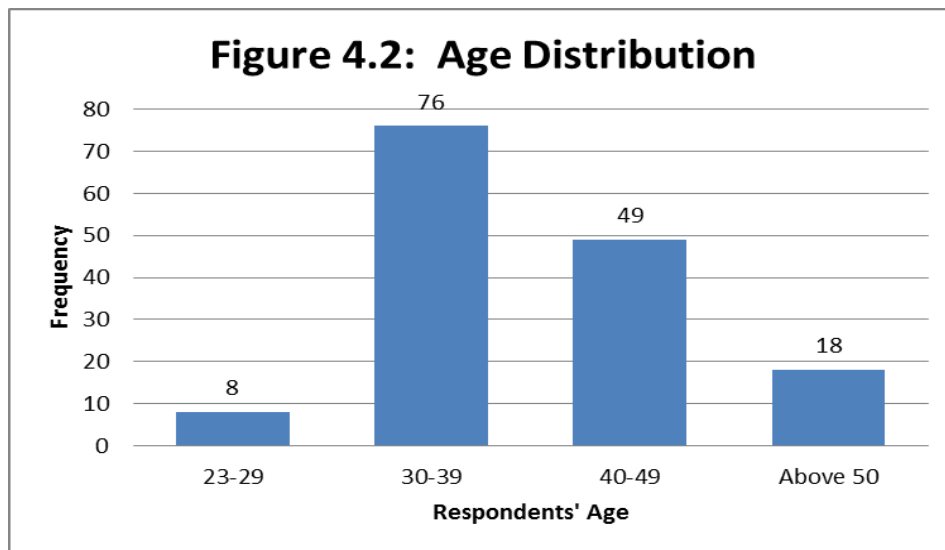


Source: Own Survey 2019

4.2.2 Age Distribution

The age of the respondents were categorized under four ranges. As presented in the table 4.2 the majority of respondents, 76(50.3%) were in the age range of 30-39 years, this was followed by 49 (32.5%) in the age range of 40-49, followed by 18(11.9%) in the age range of above 50 while the least age range was 23-29 years which was represented by only 8(5.3%). This meant that the majority of respondents (who took part in the study) were aged 30-39 years.

Figure 4.2: Age Distribution

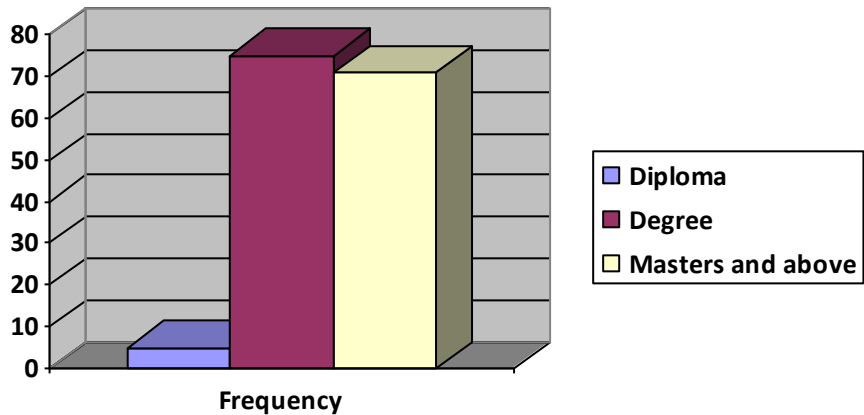


Source: Own Survey 2019

4.2.3 Distribution of Respondents by Qualification/Educational Level

Concerning the qualification, the majority of respondents 75 (49.7%) were degree holder followed by respondents who holds Master and above that accounts 71 (47.0%) of the respondents while diploma holders were the least represented with only 5 (3.3%) representation. This implies that most respondents were in a position to give fair assessment of their performance as well as that of the leadership style of the immediate supervisor.

Figure 4.3: Educational Level Distribution

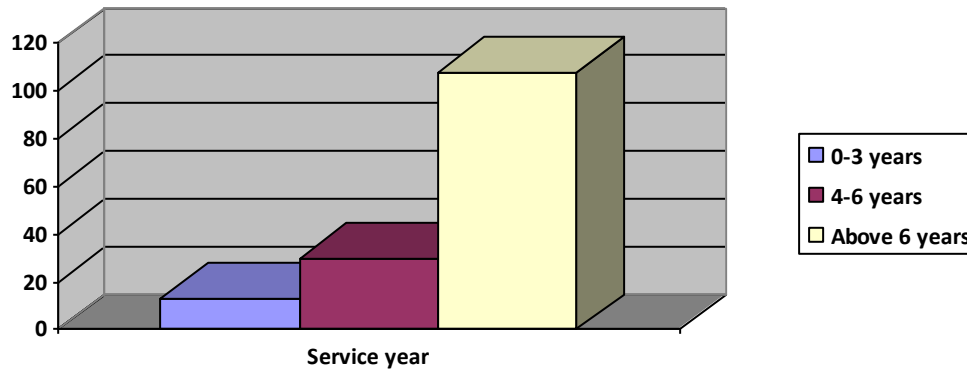


Source: Own Survey 2019

4.2.4 Respondents stay/work experience with their respective Organization

With respect to the employees stay at their respective organization, the below table depicts that majority of respondents i.e. 108 (71.5%) stayed in their current organization for above 6 years. While 13 (8.6%) and 30 (19.9%) of the respondents have work experience in the selected organization for 0-3 years and 4 – 6 years respectively.

Figure 4.4: Work Experience Distribution



Source: Own Survey 2019

Generally, the analysis of the demographic statistics demonstrated that, the work force comprises with larger number of male and productive employees while majority of the respondents represented undergraduates and above. On top of this, the result showed that quite a number of employees stay in the organization more than 6 years.

4.3. Normality Test

In normality test, the rule is that it must be +1 to -1 so that it can be significant (Adams, 2017). The results of normality test from the table below were obtained from SPSS.

According to the normality test shown in table 4.1 below, skewness statistics illustrates an acceptable range which valued less than 1. Likewise, the kurtosis statistics value is also in acceptable range. Data will be considered normal and further reliability test can be conducted.

Table 4.1 Normality Test Descriptive Statistics.

	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Democratic Leadership Style	151	-.602	.197	.274	.392
Authocratic Leadership Style	151	.076	.197	.567	.392
Laissez-Fair Leadership Style	151	-.652	.197	.293	.392
Employee Performance	151	-.327	.197	-.121	.392

Source: Own Survey 2019

4.4. Reliability Test

The criteria of Cronbach's alpha for establishing the internal consistency reliability is: Excellent ($\alpha > 0.9$), Good ($0.7 < \alpha < 0.9$), Acceptable ($0.6 < \alpha < 0.7$), Poor ($0.5 < \alpha < 0.6$), Unacceptable ($\alpha < 0.5$).

As shown in the below table, the overall cronbach's alpha value is 0.856. This shows that data have a good reliability in internal consistency. Democratic has the higher cronbach's alpha value (0.808). This shows reasonably good reliability in internal consistency of the 6 questions. Laissez-faire has the second higher Cronbach's alpha value (0.689) which means that the data has acceptable reliable followed by Autocratic with the next acceptable cronbach's alpha value (0.615). Finally, the employee performance has Cronbach's alpha value 0.891 which also shows that data is highly reliability in internal consistency.

Table 4.2 Cronbach's Reliability Test.

Variables	No. of Items	Cronbach's Alpha Value
Overall	34	0.856
Democratic Leadership Style	6	0.808
Autocratic Leadership Style	6	0.615
Laissez-faire Leadership Style	6	0.689
Employee Performance	16	0.891

4.5 Descriptive Analysis

The following subsections present the results of descriptive analysis as per the research objectives.

4.5.1 Research Objective One: Identify Leadership Style being practiced in the organizations under study.

In this section, the research assessed the leadership styles dominant in the three selected organizations. The study assessed three types of leadership style such as Democratic, Autocratic and Laissez-Fair leadership styles. Each of them had six (6) items. Descriptive statics were used for employee's ratings of their leaders to identify the most dominant leadership style in the three

organizations. The below table illustrates employees' rating of their leaders' style. The higher score for each scale indicate more of a tendency to use a specific leadership style. Accordingly, the result shows democratic leadership scale had the highest mean (M=3.61, SD=.06141) among the three main scales of leadership style, followed by the Laissez-Faire leadership scale (M=3.32, SD=.05424), with the lowest scores for the Autocratic Scale (M=2.89, SD=.05279). As assumed, the difference in mean scores obtained from the analysis suggested that all the three leadership styles are exhibited in the organizations.

Table 4.3 Employees' Rating of their Leaders Style

	Descriptive Statistics			
	N	Mean		Std. Deviation
	Statistic	Statistic	Std. Error	Statistic
Democratic Leadership Style	151	3.61	.06141	.75461
Authocratic Leadership Style	151	2.89	.05279	.64875
Laissez-Fair Leadership Style	151	3.32	.05424	.66645
Valid N (listwise)	151			

Source: Own Survey 2019

Therefore, from the results of the analysis of leadership styles, it can be concluded that Democratic leadership style is the most dominant leadership style in the selected organization followed by Laissez-faire leadership style. However, authoritative leadership style is the least exhibited style.

4.5.2 Research Objective Two: Perception of employee on their task and contextual Performance

Employee performance was seen in the notion of Task and Contextual performance. The analysis of employee performance was captured based on the scale by using a total of 16 items - six for task and ten for contextual performance. Now, the findings of the descriptive and inferential statistics will be discussed.

Mean results were used to analyze the extent at which the sample group in average agreed or disagreed with the raised statements. Low mean implied that majority of the respondents

disagree while higher mean value indicates their agreement. Accordingly, the perceptions of the respondents were captured using a five-point Likert scale (1- Strongly Disagree, 2- Disagree, 3 – Neither Agree nor Disagree, 4 – Agree and 5 - Strongly Agree) and interpreted in accordance with the below detailed Zaidatol et. al., (2012), mean scores degree.

- Mean = 1.00 – 2.33 → Low,
- Mean= 2.34 – 3.67 → Moderate and
- Mean = 3.68 – 5 → High

Standard deviation was also used to show the variability of measurements from the mean (average). The higher standard deviation indicates a wider distribution of the scores from the mean. This distribution indicates more heterogeneous or dissimilar spread of scores on a scale. Whereas, if the value is lower, it indicates a narrower distribution with more similar or homogeneous spread of scores around the mean (Mark et.al., 2009). Accordingly, employees intention to stay and their perception towards the studied independent variables are analyzed with the mean & standard deviation results as follows.

Table 4.4: Mean and Standard Deviation: Results of the Respondents' Performance Perception

Summary Descriptive Statistics			
	Mean	Std. Deviation	Conclusion on the Mean & Std. Deviation
I. Task Performance			
I use to maintain high standard of work	4.05	.737	High with low Std. Deviation
I am capable of handling my assignments without much supervision.	4.16	.784	High with low Std. Deviation
I am very passionate about my work	4.17	.743	High with low Std. Deviation
I know I can handle multiple assignments for achieving organizational goals	4.08	.707	High with low Std. Deviation
I use to complete my assignments on time.	4.15	.687	High with low Std. Deviation
My colleagues believe I am a high performer in my organization	3.52	.729	Moderate with high Std. Deviation
Aggregate value	4.02	0.731	High with low Std. Deviation
II. Contextual Performance			
I used to extend help to my co-workers when asked or needed.	4.15	.844	High with low Std. Deviation
I love to handle extra responsibilities.	3.87	.835	High with low Std. Deviation
I extend my sympathy and empathy to my co-workers when they are in trouble.	4.05	.885	High with low Std. Deviation
I actively participate in group discussions and work meetings.	3.78	.999	High with low Std. Deviation
I use to praise my co-workers for their good work.	3.93	.736	High with low Std. Deviation
I derive lot of satisfaction nurturing others in organization	3.52	.765	Moderate with low Std. Deviation
I use to share knowledge and ideas among my team members.	4.22	.840	High with low Std. Deviation
I use to maintain good coordination among fellow workers.	4.05	.811	High with low Std. Deviation
I use to guide new colleagues beyond my job purview.	3.83	.787	High with low Std. Deviation
I communicate effectively with my colleagues for problem	3.89	.784	High with low Std. Deviation
Aggregate value	3.93	0.829	High with low Std. Deviation

Source: Own Survey 2019

According to table 4.4, the findings on task performance showed an aggregate mean value of 4.02, a high score with a standard deviation of <1 indicating the scores deviation from the mean is low. This result implied that the respondents agree that their task performance is at high level. The standard deviation value indicated lower spread of responses among the observation

Similarly, the contextual performance at an aggregate mean result of 3.95 implies that the performance of the employees is high. As stated above the standard deviation for this factor also showed <1 indicating the scores deviation from the mean is low.

4.5.3 Research Objective Two: The Effect of Leadership Style on Employee Performance

In order to examine the effect of leadership style on employee performance, inferential statistics i.e. correlation and regression analysis, have been considered and the results are interpreted as follows.

4.5.3.1 Analysis of Factors Correlation Results

This study used correlation analysis, one of the basic and useful measures of association, to confirm the relationship between the variables. Person correlation coefficient was used to examine the magnitude (intensity of relationship -1 to +1) and the direction of the relationships (+ve/-ve) (Mark et.al., 2009). Likewise, the significance level, p-value, is labeled as “Sig.” in the SPSS output and helped to statistically determine the significance of the results during a hypothesis test. If the significance value is less than 0.05 ($p < 0.05$) then the relationship is statistically significant. If the significance value is greater than 0.05 ($p > 0.05$) then the relationship is not statistically significant.

Table 4.5 Correlations result

		Democratic Leadership Style	Autocratic Leadership Style	Laissez-Fair Leadership Style	Employee Performance
Democratic Leadership Style	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	151			
Autocratic Leadership Style	Pearson Correlation	-.011	1		
	Sig. (2-tailed)	.895			
	N	151	151		
Laissez-Fair Leadership Style	Pearson Correlation	.250**	.197*	1	
	Sig. (2-tailed)	.002	.016		
	N	151	151	151	
Employee Performance	Pearson Correlation	.374**	.005	.453**	1
	Sig. (2-tailed)	.000	.954	.000	
	N	151	151	151	151

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

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

Source: Own Survey 2019

The following assumption has been taken to show the magnitude of the relationship as illustrated by Deborah J. Rumsey (<https://dummies.comhow>).

- Below 0.2 is considered to be weak
- Between 0.2 to 0.4, considered to be moderate
- Above 0.4 considered to be strong relationship between dependent and independent variable.

As depicted in table 4.5, Democratic leadership style has positive correlation value ($r=0.37$). In reference to the above prescribed assumption, the democratic leadership style has a moderate positive relationship with employee performance while the Laissez Faire leadership style has a strong positive relationship. This implies both democratic and Laissez-Faire leadership has effect on employee performance. With regard to the Autocratic leadership style, the Pearson

correlation result showed that $r=0.005$ which implies that the Autocratic leadership style has weak positive relationship with the employee performance.

Generally, the result of the correlation test entails both Democratic and Laissez-faire leadership styles statistically significant with employee performance i.e. P value of $0.000 < 0.05$ except autocratic with $p\text{-value}=0.954$ which is greater than 0.05 statically insignificant.

4.4.3.2 Analysis of the Regression Results

The study used regression analysis to measure the relative strength and determine statistical significance between the independent variables (Democratic, Autocratic and Laissez-faire leadership styles) and the dependent variable (employee performance) exclusively focusing on the trends of Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation (Mark et.al., 2009).

In Addition to linearity and normality test, multiple linear regression analysis was employed to examine the significant effect of the independent variables on the dependent variable. This is because the study comprises one dependent variable and two or more independent variables (Kothari 1984). Multicollinearity verifies that the independent variables are not highly correlated with each other, tested using VIF/Variance Inflation Factor and tolerance. If the results of VIF are below 10 and the tolerance value greater than 0.1 then there is no possibility of multicollinearity among these variables (Hair et al., 2006). As presented in the table 4.6, the collinearity statistics results ($VIF < 10$ and Tolerance > 0.01), the dependent variables are not prone to this assumption so that regression analysis can be conducted.

Table 4.6: Coefficients^a: Multicollinearity Diagnosis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.504	.250		10.017	.000		
	Democratic Leadership Style	.178	.047	.274	3.793	.000	.934	1.071
	Autocratic Leadership Style	-.053	.054	-.071	-.989	.324	.958	1.044
	Laissez-Fair Leadership Style	.293	.054	.398	5.404	.000	.898	1.114

a. Dependent Variable: Employee Performance

It is also mandatory to confirm the model's adequacy and fitness before running the regression analysis. The overall statistical acceptability or significance of the model was proved as indicated in the Anova table below. The ANOVA helped to determine the model's significance in predicting the dependent variable, Employee Performance. The findings established a significant value .000, i.e. $p < .005$ inferring that the model is significant. This reveals that the variation explained by this model is not because of a chance.

Table 4.7: The Model Significance Diagnosis: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.163	3	3.388	19.313	.000 ^b
	Residual	25.786	147	.175		
	Total	35.949	150			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Laissez-Fair Leadership Style, Autocratic Leadership Style, Democratic Leadership Style

Following these, regression analysis was conducted, the regression model summary showed, how much of the variance in the dependent variable employee performance is accounted by the independent variables (Democratic, Autocratic and Laissez-Fair Leadership Styles). Table 4.8 presents a summary of the model in which the item of interest is the adjusted R^2 statistics, which is 0.268. This suggests leadership styles accounts for 26.8% of the variation in employees' performance. Thus, the model proved to fit and adequately predict the relationship between the variables. The remaining 73.2% variations on employee performance are explained by other variables out of this model or variable.

Table 4.8: The Regression Analysis Model Summary

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.532 ^a	.283	.268	.41882

a. Predictors: (Constant), Laissez-Fair Leadership Style, Autocratic Leadership Style, Democratic Leadership Style

b. Dependent Variable: Employee Performance

Source: Own Survey 2019

Additional analysis will be on Coefficients where the range of alpha value of 0.05, 0.001 or 0.01 is used to explain the significance of the variable. The regression coefficients in table 4.6 demonstrate that the relative extent of the influence that each independent variable has on the dependent variable and through which the most contributing predictor/dependent variable is revealed. Accordingly, unstandardized beta coefficient was considered to explain the strength of each predictor/independent variable influence on the criterion employee performance.

Accordingly, the beta value of each independent variable in the above table established that Democratic Leadership, $\beta = 0.178$ at $P < 0.05$. This result suggests that performance of employees whose immediate supervisor exhibited democratic leadership characteristic increased significantly by 17.8 percent. The result also shows that Autocratic Leadership style ($\beta = -0.053$ at $P > 0.05$) negatively predict employees' performance but insignificant. With regard to Laissez fair Leadership style $\beta = 0.293$ at $P < 0.05$ signifies that employees performance increase by 29.3% when their supervisors exercised Laissez fair leadership style. Hence, the overall result established that Laissez-Faire Leadership style to have the greater rate of influence than the other predictors considered in this study.

This is further interpreted as among the tested predictors, the laissez-faire's beta coefficients indicated statistically meaningfully & more significant predictor of employee performance. Democratic Leadership followed with a closer significant result.

Furthermore, the correlation results in Table, 4.5, has indicated a positive significant relationship between the dependent variable, employee performance and Democratic and Laissez-Fair

Leadership Styles. Based on the correlation & regression analysis, the hypotheses related to these independent variables with $p < 0.05$ were accepted. However, the hypothesis in relation to autocratic leadership style is rejected as the significance level is weak, $\text{Sig.}(p) = 0.954$ where is $P > 0.05$. The hypotheses tests are further analyzed in the Table 4.13 below.

Table 4.9: Summary of the Research Hypotheses Results

Hypothesis	Result	Remark
H1 The democratic leadership style positively affects employee performance in the selected Organization	<ul style="list-style-type: none"> • $r = 0.37$ & $P < 0.01$ • $\beta = 0.178$ & $P < 0.05$ 	<ul style="list-style-type: none"> • There is +ve relationship • The relationship is significant <p>Thus, H₁, is accepted</p>
H2 The Autocratic leadership style negatively affects employee performance in the organizations under study.	<ul style="list-style-type: none"> • $r = 0.005$ & $P > 0.01$ • $\beta = -0.053$ & $P > 0.05$ 	<ul style="list-style-type: none"> • There is -ve relationship • The relationship is insignificant <p>Thus, H₂, is rejected</p>
H3 The laissez-faire leadership style positively affects employee performance in the organizations under study.	<ul style="list-style-type: none"> • $r = 0.453$ & $P < 0.01$ • $\beta = 0.293$ & $P < 0.05$ 	<ul style="list-style-type: none"> • There is +ve relationship • The relationship is significant <p>H₃, is accepted</p>

CHAPTER FIVE: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Major Findings

The purpose of this study was to examine the effect of leadership styles on employees' performance. The study was carried out at Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation. The research was guided by the three research questions: What leadership Style is being used in the selected organization, how do employees perceive their task and contextual performance and what is the effect of the leadership style on employee performance.

Explanatory research design was used in this study in which 160 employees was sampled from a study population of 274 employees in the selected NGOS using stratified sampling technique. A structured questionnaire was used to collect primary data from the sample. The measurement of the leadership style was adopted from Bass and Avolio (1990). Employees performance was measured by the scale of (Pradhan and Xavie, 2016). The data collected from the respondents was analyzed by using descriptive and statistical analysis and the findings were presented through use of tables and charts. To discover the relationship and effect of leadership styles on employee performance, Pearson's Correlation and Regression analysis were used.

This section, therefore, summarizes and presents the core points and major findings as follows:

- The response rate proved adequate and more than acceptable, (i.e. 94.38%) to analyze and report the findings. The respondents' general information was captured. Gender distribution showed 102 (67.5%) male and 46 (32.5%) female indicating that there was unequal representation of male and female in the research. Age distribution indicated that majority of the respondents are in the age group of 30-49 which is considered middle adult and productive work force. Majority of the respondent (146 which is close to 97%) accounted from education (first-degree holders and above). More than half of the respondents, 108(71.5%) of the respondents having more than 6 years and 30

(19.9%) respondents served the organization from 4 to 6 years. Generally, the demographic mix of the respondents confirmed the study's purpose.

- Based on research question one, the study found out that democratic leadership style was the most dominant leadership styles at the three selected organizations at a highest mean score of 3.62 followed by Laissez faire at a mean of 3.32 and the autocratic leadership style was least exhibited at 2.89. These differences in mean scores obtained from the analysis implicitly tell all the three leadership styles are practiced in the organizations.
- The study sought to find out the perception of employees' performance in the notion of task and contextual performance based on research question two. The results revealed that the task performance of employees is at high level with an aggregate mean value of 4.02 and standard deviation of <1 . Likewise, the contextual performance scored a mean value of 3.95 ($SD=<1$) suggesting that the employee performance in this regard is high.
- The third main research question of this study was to analyze the effect of leadership styles on performance of employees. Based on this research objective, the result of this study shows that democratic leadership style has positive correlation value ($r=0.37$ with a significance level of 0.000 which is less than 0.01) were found to be having moderate positive relationship with the performance of the employees. The Pearson correlation value for Laissez-faire leadership style showed statically significant positive r-value which is equal to 0.453 with a p-value of 0.000 which is $P<0.05$. This established that laissez-faire leadership style has strong positive relationship with the dependent variable employee performance. On the other hand, the autocratic leadership style having positive correlation value ($r=0.005$, with p-values = 0.954 which is $P>0.05$) which has insignificant weak correlation with the employee performance.
- Based on the results of ANOVA F statistics value .000 i.e. $P<0.05$ verified the model used as significant for regression analysis. Accordingly, the collinearity statistics, the tolerance value >0.1 and VIF value <10 asserted that there is no possibility of multicollinearity. The linearity test also confirm the viability of the model.

- The regression model summary result has established, 26.8% of the variation on employee performance is explained by leadership style.
- Based on the unstandardized coefficients, laissez-faire leadership style established the greater rate of influence on employees performance with $\beta = 0.293$ and followed by democratic leadership style $\beta = 0.178$ in predicting employees' performance.
- The statistical significance, relationship of the correlation analysis and the regression analysis results established the presence of strong and moderate positive relationship between employee performance and democratic and laissez-faire leadership styles respectively. Thus, the study hypotheses: H₁, and H₃ are accepted. To the contrary, H₂, the hypothesis in relation to Autocratic leadership Style is rejected as it has insignificant weak relationship with employee performance.

5.2 Conclusions

The study was intended to examine the effect of leadership styles on employees' performance in the case of Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation. The study was also set out to explore how the three types of leadership styles; democratic, autocratic and laissez-faire simulates the employees' task and contextual performance. The literature revealed that leadership style the manager exhibits is highly influence the level of employees' performance. Based on summary of the findings of this study, the researcher derived the following conclusions in order to address the three research question that this study sought to answer.

The study showed that democratic leadership style, autocratic leadership style and laissez-faire leadership styles are practiced at Orbis International Ethiopia, Family Guidance Association and Fred Hollows foundation. This result provide support for the contingency theories which argues there is no single way of leading and that ever leadership style should be based on certain situations.. However, the study further revealed that democratic leadership style was dominantly practiced by the managers followed by laissez-faire leadership style. Supervisors participates

employees in the decision making process and encourages them to assume responsibilities by making frequent and supportive communication.

With regard to Employee performance, the results revealed that the level of employee performance at the three organizations under study was high. Employees are cooperative, dedicated, and enthusiastic. They execute their assigned jobs and meet deadlines, and maintain high standards of work to achieve their departmental goal.

As shown in the summary of the research findings, democratic leadership style has positive influence on employee performance. This indicates that when democratic approach is applied, performance of employees would increase. This result was consistent with early research studies (Basit, et al (2017); Ojokuku et al. (2012)).

The finding of this study also shows that Autocratic leadership style has insignificant negative effect on the performance of the employees. This was inconsistent with the result of other researchers' findings (Anyango (2015); Belete (2015)).

Laissez-faire leadership style has positive influence on employee performance, which indicates that employees' performance would increase when laissez-fair leadership style is applied. This was also consistent with the result of other studies (for example Basit, et al (2017)). Laissez-fair leadership style is more appropriate when employees understands their responsibilities well and possess strong analytical skills and their leaders are very much confident on them.

5.3 Recommendations

In view of the findings of this study, leaders at Orbis International Ethiopia, Family Guidance Association and Fred Hollows Foundation are using the right mix and application of democratic leadership style, autocratic and laissez fair leadership styles. The researcher recommends to keep on applying the right attributes of the three leadership styles that could stimulate the best outcome depending on the situation.

It is a mere fact that organizations need to have highly capable leaders who can lead employs for the accomplishment of the organizational goal. Based on the findings of this research, laissez-

faire leadership style has greater effect on employees performance. In order to keep the spirit of high performing team, it is recommended to practice more of laissez-faire leadership style.

5.4 Limitations and Suggestions for Future Research

The main limitation of this research was that the study was undertaken at the head offices and main branches of the organization in Addis Ababa. Hence, having limited sample size lead to limited conclusion and generalization.

On the other hand, the researcher couldn't find any research made on the subject in the NGOS environment to use as a reference to support the conclusion since the culture of NGOS are very much different from any other public sectors.

With this study as a basis for future research, the researcher suggested that future studies should be considered other than health sector.

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Annex 1

Questionnaire

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE HUMAN RESOURCE MANAGEMENT MASTERS PROGRAM

The Effect of Leadership Style on Employee Performance The Case of selected Non-Governmental Organization:

Personal Data

1. Name of your Organization _____
2. Gender : Male Female
3. Age between : 23-29 30-39 40-49 ≥50
4. Position : Clerical Professional Managerial
5. Qualification : Diploma Degree Masters & above
6. Experience (in years): 1 - 3 4 - 6 above 7 years

PART 1: Close Ended Questions

Please mark (X) in the box of your preferred choice

- 1 → Strongly Disagree
 2 → Disagree
 3 → Neither Agree nor Disagree
 4 → Agree
 5 → Strongly Agree

I. Examining Leadership style						
		1	2	3	4	5
➤	What leadership style is currently being practiced at Orbis, FGA and FHF					
	➤ Democratic Leadership					
1	My supervisor allows me to be part of the decision-making process					
2	My supervisor provides guidance without pressure					
3	My supervisor makes frequent and supportive communication					
4	My supervisor helps me accept responsibility for completing my work					
5	My supervisor helps me to find my “passion.”					
6	My supervisor believes that People are basically competent to do a good job if given a task					
	➤ Autocratic leadership					
1	My supervisor believes that employees need to be supervised closely					
2	My supervisor believes that most employees in the general population are lazy					
3	As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives					
4	I feel insecure about their work and need direction					

5	My Supervisor is the chief judge of the achievements of the members of the group					
6	My supervisor gives orders and clarify procedures					
	➤ Laissez-Faire Leadership					
1	In complex situations, my supervisor allows me to work problems out on my own					
2	My supervisor stays out of the way of subordinates as they do their work					
3	As a rule, leaders should allow me to appraise my own work.					
4	My supervisor gives me complete freedom to solve problems on my own.					
5	In most situations, I prefer little input from my supervisor					
6	In general, my supervisor feels it is best to leave subordinates alone.					
II. Measuring employee performance in the notion of Task and Contextual performance						
	➤ Task Performance	1	2	3	4	5
1	I used to maintain high standard of work					
2	I am capable of handling my assignments without much supervision.					
3	I am very passionate about my work					
4	I know I can handle multiple assignments for achieving organizational goals					
5	I used to complete my assignments on time.					
6	My colleagues believe I am a high performer in my organization					
	➤ Contextual Performance	1	2	3	4	5
1	I used to extend help to my co-workers when asked or needed.					
2	I love to handle extra responsibilities.					
3	I extend my sympathy and empathy to my co-workers when they are in trouble.					
4	I actively participate in group discussions and work meetings.					
5	I used to praise my co-workers for their good work.					
6	I derive lot of satisfaction nurturing others in organization					
7	I used to share knowledge and ideas among my team members.					
8	I used to maintain good coordination among fellow workers.					
9	I used to guide new colleagues beyond my job purview.					
10	I communicate effectively with my colleagues for problem					