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**THE EFFECTS OF LEADERSHIP BEHAVIOR ON EMPLOYEE
JOB SATISFACTION IN COOPERATIVE BANK OF OROMIA:
THE CASE OF ADDIS ABABA CITY ADMINISTRATION**

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**A RESEARCH SUBMITTED TO ADDIS ABABA
UNIVERSITY, SCHOOL OF COMMERCE IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR MASTER
OF ARTS IN BUSSINESS LEADERSHIP (MBL)**

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Addis Ababa, Ethiopia

STATEMENT OF DECLARATION

I declare that the project work entitled “**The Effects of Leadership Behavior on Employees’ Job Satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa City Administration**” is my original work and all sources of material used for the work have been duly acknowledged.

YORDANOS BERHANU TESFAYE

STATEMENT OF CERTIFICATION

This is to certify that, this project work “**The Effects of Leadership Behavior on Employees’ Job Satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa City Administration**”, undertaken by YORDANOS BERHANU TESHAYE in partial fulfilment of the requirements for Master of Arts in Business Leadership at Addis Ababa University School of Commerce, is an original work and not submitted earlier for any Degree either at this university or any other university.

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**The Effects of Leadership Behavior on Employees Job
Satisfaction in Cooperative Bank of Oromia: The Case of Addis
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List of Abbreviations

CBO = Cooperative Bank of Oromia

H.O = Head Office

LBDQ= leadership behavior description questionnaire

SPSS = Statistical Package for Social Science

LB= Leadership behavior

JS = Job satisfaction

Std= standard deviation

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Abstract

This study examined the effects of leadership behavior on employee job satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa City Administration, through a comprehensive quantitative research approach. Data was collected from 355 employees that were selected using stratified random sampling across various branches in Addis Ababa and the head office. The study adopted an explanatory research design. The effect of leadership behavior on employee job satisfaction is examined quantitatively using structured five point Likert scale questionnaire and regression data analysis. Descriptive statistics like mean and standard deviation was used to assess the perceived leadership behavior and employee job satisfaction and it's presented in tables. The findings showed that the hypothesis that states directive leadership behavior has significant and positive relationship on employee job satisfaction is not accepted. The results showed that directive leadership behavior has a no significant and negative effect on job satisfaction with a sig value of .035 and $\beta = - .093$, while supportive leadership behavior, participative leadership behavior, and achievement-oriented leadership behavior had a significant and positive effect on employee job satisfaction. Due to the fact that directive leadership behavior has no significant and negative effect on job satisfaction the management of CBO is recommended to rather they should focus on developing more supportive, participative, and achievement-oriented leadership behavior.

Key terms and phrases: Leadership behavior, employee job satisfaction.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In today's ever-evolving organizational landscape, the relationship between leadership behavior and employee job satisfaction has become a focal point of research and practice. With the recognition that an engaged and satisfied workforce is essential for organizational success, the role of leadership in shaping employee attitudes and perceptions has gained prominence. Leadership behaviors, ranging from directive and achievement - oriented to participative and supportive leadership behavior, play a critical role in influencing the overall satisfaction and well-being of employees within an organization.

Nestled within the dynamic banking sector of Ethiopia, the Cooperative Bank of Oromia (CBO) stands as a prominent institution with a unique organizational structure and operational philosophy. As a bank, CBO operates on principles of member ownership, democratic decision-making, and community development. With a mission to provide inclusive financial services and promote socio-economic empowerment within the nation, CBO's success hinges on the satisfaction and commitment of its workforce

Globally, best practices in leadership underscore the importance of not only achieving strategic objectives but also cultivating a positive organizational culture that supports employee well-being and engagement (Avolio & Gardner, 2005). Research indicates that leadership behavior integrating strategic direction with employee involvement and support are instrumental in fostering a motivated and satisfied workforce (Eagly et al., 2003). This approach is particularly resonant in

African contexts where values of community-oriented leadership and inclusive practices are foundational to organizational effectiveness (Avey et al., 2011).

In Ethiopia specifically, CBO exemplifies how Community-Based Organizations (CBOs) can leverage participatory leadership models to enhance employee engagement and align organizational goals with community needs. By prioritizing transparent communication, collaborative decision making and continuous learning opportunities.

Therefore, an in-depth exploration of the interplay between leadership behaviors, employee job satisfaction, and organizational outcomes within the context of CBO offers a nuanced understanding of effective management practices (Judge & Bono, 2001). This study aims to provide comprehensive insights that can inform leadership behavior not only within Ethiopia's banking sector but also across diverse industries and regions globally. By examining these dynamics, we can glean valuable lessons on fostering organizational excellence and employee well-being in today's complex business environment.

Being the best business in its field is a goal shared by all organizations. The availability of resources and how best to use them determine this competitive advantage (Lee & Ahmad 2009).

Assets within an organization can be divided into many categories, such as financial, human, and physical resources. Because they may be used to properly utilize other assets, human resources are regarded as the most important and beneficial resource.

The success of any firm is contingent upon the contentment of its workforce. Reduced turnover and increased productivity are closely correlated with high employee satisfaction levels. Therefore, as Landy (1989) asserted, ensuring that workers are happy with their careers ought to be a top concern for all employers.

Employee's level of satisfaction with their job and workplace is measured by employee satisfaction, and happy employees are more likely to generate more. As Emery and Barker (2007) stated, implementing the various aspects that contribute to or sustain high employee satisfaction is something that prudent businesses would do well to accomplish.

Leadership is seen as a key factor and a significant predictor of job satisfaction among determinants (Bass, 1990). According to (Wilderom, Berg & Peter 2004), a leader's actions directly impact the relationships between their superiors and subordinates, which in turn impacts work output, employee dedication, and job satisfaction as well as the overall coherence of the company.

A preferred pattern of behavior among leaders is referred to as a leadership behavior (Chiok, 2001). On the other hand, (Mosadeghrad, 2003) sees leadership behavior as a set of dispositions, traits, and abilities that a manager employs in various contexts in compliance with both corporate and individual ideals. To inspire their staff to give their best effort, managers employ a variety of techniques depending on the circumstance and the subordinates (Kreitner, 2008).

Numerous leadership traits have been presented by theories of leadership. The path goal leadership theory forms the basis of this investigation. The most complex and contingent leadership theory is path goal leadership theory. According to Mosadeghrad and Yarmohammadian (2006), there are four types of leadership conduct that fall under this category: Directive, Supportive, Participative, and Achievement-oriented.

Thus, this study has determined the impact of leadership behavior on employee job satisfaction in Cooperative Bank of Oromia among several factors that affect job satisfaction. Furthermore, an analysis was conducted on the present degree of contentment with CBO staff members regarding the leadership conduct of the company.

1.2 Statement of the Problem

Managers and their leadership style play a major role in the accomplishment of company goals. Employee productivity and job satisfaction are impacted when managers adopt specific leadership behaviors (Chiok, 2001).

According to Fiedler (1967), there are various forms of leadership behavior in today's enterprises. Either human relations or task orientation characterizes leaders. According to his view, human-relations oriented leaders do better in middle-ground scenarios, while task-oriented leaders perform better in extreme circumstances, such as those found in manufacturing and mergers and acquisitions activity.

The annual internal customer survey conducted by CBO in 2021 indicates that staff job satisfaction is declining by 23% compared to previous years. Furthermore, the results of the exit interviews that the human resource planning department arranged with the former workers demonstrate the serious concerns with the organization's leadership behavior.

The researcher's observations and the employees' informal interviews reveal the existence of issues related to supervisors, such as irrational employee release, delayed promotions, excessive supervisory orders, a lack of concern for subordinates' feelings, and issues with communication and decision-making. Nevertheless, the information found in the bank's center of excellence indicates that the bank has not yet conducted a survey or other evaluation pertaining to leadership conduct.

To the best of the researchers' knowledge, a variety of studies have been done on many bank concerns, but there isn't any particular empirical data that addresses the impact of managers' leadership behavior on job satisfaction in CBO. Thus, doing this study could close the knowledge gap on the bank's leadership facets. Therefore, this study may close the knowledge gap on the bank's leadership facets.

1.3 Research Questions

Based on the findings and observed literature this study tries to address the following questions.

- What is the perceived job satisfaction of CBO employees?
- What is the perceived leadership behavior at CBO?
- Does directive leadership behavior affect employee job satisfaction?
- Does supportive leadership behavior affect employee job satisfaction?
- Does participative leadership behavior affect employee job satisfaction?
- Does achievement-oriented leadership behavior affect employee job satisfaction?

1.4 Objectives of the study

1.4.1 General Objectives

The primary aim of this study is to examine how leadership behavior impacts employee job satisfaction, as perceived by employees of the CBO.

1.4.2 Specific Objectives

- ✓ To assess the perceived satisfaction of CBO employees.
- ✓ To assess the perceived leadership behavior at CBO.
- ✓ To test the effect of directive leadership behavior on employee job satisfaction.
- ✓ To test the effect of supportive leadership behavior on employee job satisfaction.
- ✓ To test the effect of participative leadership behavior on employee job satisfaction.
- ✓ To test the effect of achievement-oriented leadership behavior on employee job satisfaction.

1.5 Significance of study

The findings of the study are extremely important, particularly for CBO in a number of respects. In order to create a plan with the leadership behavior for its implementation in mind, it is first necessary to identify the leadership behavior that is being displayed at the branch level. In addition, being aware of the current state of affairs is important because it highlights the strengths and weaknesses of the topic being studied and provides a realistic image of the efforts that have been made to make improvements. Furthermore by examining the impact and connection between different leadership behaviors and employee job satisfaction. This study has furthered the body of scholarship in this area. Above all, this study can be used as a platform for more research on issues related leadership in Ethiopian in general and CBO specifically.

1.6 Scope of the Study

Typically, a variety of organizational and non-organizational elements might have an impact on this crucial component, job satisfaction. This study, which was restricted to professional staff members of CBO in Addis Ababa, Ethiopia, concentrated on the effect of leadership behavior on job satisfaction among other factors influencing job satisfaction.

Numerous leadership traits have been presented by theories of leadership. The path goal leadership behavior model is the foundation of this study. According to Richard et al. (2012), the most complex and contingent leadership theory is the path goal theory. Leadership behavior is the independent variable in this study, and work satisfaction is the dependent variable. The quantitative research method was used in the study.

1.7 Limitation of the study

The subject of employees' job satisfaction and leadership behavior are broad topics. As a result, due to a lack of time and funds, performing a study on the entire system of institutions was challenging. The focus of this study's evaluation was on the elements of leadership behavior that influence employees' job satisfaction in CBO in Addis Ababa. This didn't allow the entire picture of how the satisfied the employees of other districts are across the country. However, to manage this limitation, the researcher adopted targeted methods, leveraging a quantitative approach by conducting surveys to explore the specific elements of leadership behavior within CBO Addis Ababa, the study aimed to capture nuanced insights into how leadership behaviors affect job satisfaction within this particular context.

The researcher also encountered certain challenges when overseeing data collection procedure and executing the analysis for this study. A portion of the curb consists of every survey questioner have not been returned. Respondents either completed all questions or fail to provide a sincere response. However by employing pilot testing, data validity, data reliability and other strategies, the researcher aimed to enhance the quality and completeness of the data collected despite the challenges encountered during the study. These efforts were crucial in ensuring that the findings accurately reflected the relationship between leadership behaviors and employee job satisfaction within CBO Addis Ababa.

The model fit result shows the R-squared (R^2) value of 0.427 achieved in this study indicates that approximately 42.7% of the variability in employee job satisfaction can be attributed to four leadership behaviors. While these variables provide meaningful insights into their influence on job satisfaction, the R^2 falling below the conventional threshold value highlights a significant portion of variability that remains unexplained by the model. This suggests that additional factors not

included in this study, such as organizational culture dynamics, individual employee characteristics, or external environmental factors, may also play substantial roles in shaping job satisfaction outcomes but were not accounted for in this analysis.

1.8 Definition of key Terms

According to Northouse, (2013), The four leaderships are defined as follows:

Directive leader: a leader who gives their followers clear instructions on what they must do.

Supportive leader: a leader who cares about the welfare and individual needs of their subordinates

Participative leader: a leader who confers with followers over decisions.

Achievement-oriented leader: a leader who lays out for subordinates specific, difficult goals.

Leadership Behavior: The manner a leader achieves his goals is known as his leadership behavior (Marie, 2011).

Job satisfaction: describes an individual's attitude about their work and many parts of it (Spector, 1997)

Intrinsic factors: aspects like responsibility, accomplishment, and acknowledgment that are connected to the real work itself (Ukaegbu, 2000).

Extrinsic factors: components of the workplace, such as benefits, staff evaluation procedures, class size, pay, and methods of supervision. (Kalleberg's 1977)

1.9 Organization of the study

There are five chapters in this research. The background of the study, problem statement, research questions, research purpose, significance, limitation, scope, as well as an explanation of essential words, make up the introduction portion of the first chapter. The review of relevant literature and conceptual framework are the main topics of the second chapter. The research methodology which

includes the research approach and design, data collection tool, data gathering method and source, data analysis method, and study area description is presented in the third chapter. Data analysis and interpretation is discussed in chapter four and chapter five has summarized the findings of the study as well as conclusion drawn from the studies' findings and providing forward looking strategic suggestions.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

The supporting theories related to this research problem are described and examined in the literature reviewed in this section. The definitions and concepts of leadership behavior and job satisfaction are reviewed, along with the variables and factors impacting each. Previous research on the relationship between the two is summed, and the conceptual framework of the study is explained.

2.1 The concept of job satisfaction

According to Spector (1997), job satisfaction is related to how individuals view their jobs and various aspects of them. This point of view is supported by Ellickson and Logsdon (2002), who define job satisfaction as the degree to which people like their employment. Sentimentality or emotion toward different facets of an employee's employment defines job happiness.

According to Locke (1976), "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976, p. 1304), is the definition of job satisfaction that is most commonly recognized. Moreover, there are behavioral, cognitive, and emotional aspects of job satisfaction. The term "emotional component" describes how one feels about their work, including boredom, anxiety, or excitement.

The thought that one's work is mentally demanding and challenging is one example of how one's perceptions about their work connect to the cognitive component of job satisfaction. Finally, the behavioral component includes people's actions that are associated with their jobs, including showing up late, staying late, or making up a disease to avoid doing chores (Bernstein & Nash,

2008). Most meanings deal with an employee's attitude toward their employment. This could include what they think about the job overall or specific aspects of it, such as their coworkers' working conditions or compensation (Lane, 2010). According to Vecchio (2000), a person's thoughts and feelings about their employment constitute job satisfaction. Just as with other attitudes, one's experiences, particularly the difficult ones, have a big impact on how they feel about their employment.

The idea that one's job is difficult and mentally taxing is one example of how one's perceptions about their work connect to the cognitive component of job satisfaction. Lastly, behaviors related to a person's job are included in the behavioral component, including showing up late, staying late, or making up a disease to avoid doing chores (Bernstein & Nash, 2008). Most meanings deal with an employee's attitude toward their employment. This could include what they think about the job overall or specific aspects of it, such as their coworkers' working conditions or compensation (Lane, 2010). Vecchio (2000) asserts that an individual's perceptions and emotions around their work are what define job satisfaction. Similar to other attitudes, experiences especially the challenging ones have a significant influence on how

Research suggests that satisfied employees are more likely to demonstrate higher levels of organizational citizenship behavior, engagement, and retention (Judge et al., 2001). Conversely, dissatisfaction with one's job can lead to absenteeism, turnover, and decreased performance (Steel et al., 2002). Understanding the determinants of employee job satisfaction is essential for organizations seeking to enhance employee well-being and organizational effectiveness.

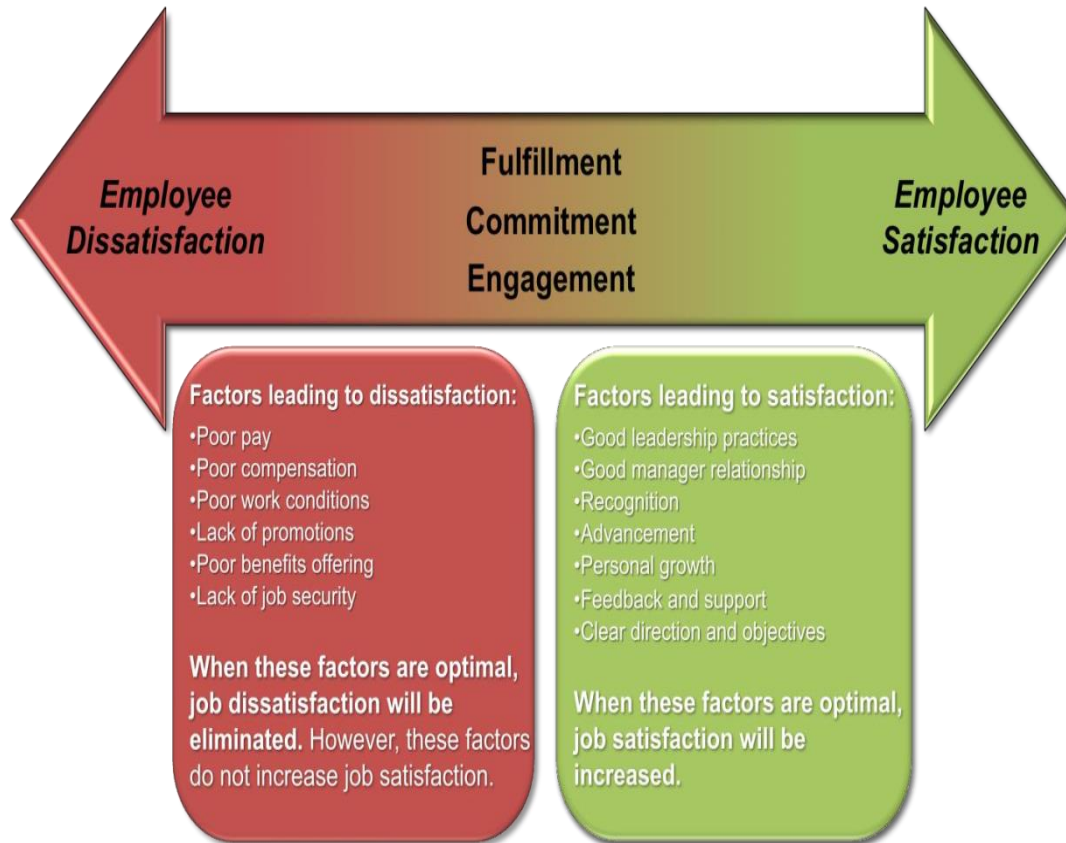


Figure 1. Job Satisfaction Model (Field, 2008).

2.2 Factors affecting Job Satisfaction

Job satisfaction is influenced by a number of variables, including compensation, advancement, autonomy, working environment, coworkers, supervisory assistance, and similar things. According to Irvine et al. (1995), job satisfaction is influenced by a number of factors, including work characteristics (routine, autonomy, and feedback), how roles are defined (role conflict and role

ambiguity), and the work environment (leadership, stress, opportunities for advancement, and participation).

Job satisfaction encompasses a range of satisfaction features in addition to general or overall job satisfaction (Cranny et al., 1992; Friday & Friday, 2003). It is impacted by a number of variables, including the communication style of supervisors, gender impacts, communication satisfaction, and nonverbal immediacy displayed by supervisors (Madlock, 2006 Richmond et al, 1980, Hilgerman, 1998). According to Lee and Ahmad's (2009) research, numerous characteristics, such as absenteeism, tardiness, grievance expression, low morale, high turnover, quality improvement, and participation in decision-making, are impacted by job satisfaction.

According to Kalleberg's 1977 proposal, there are two parts to job satisfaction. These can be classified as extrinsic (working conditions) and intrinsic (working assignment). The work environment, which includes the mentoring program, managerial function, and other aspects, is referred to as the working condition. Staff turnover and opinions about the company and job will be impacted by unfavorable working circumstances, ineffective work organization, low staffing, and managerial techniques (Banaszak & Hines 1996). As a result, a positive work environment is essential for employees to grow as individuals, enhance job performance, and boost staff retention within the company. Regarding the work assignment, it is the responsibility placed on staff members to carry out their duties in a dedicated and effective manner (Kalleberg, 1977).

2.3 The concept of leadership

Humans are universally drawn to leadership, which is demonstrated in practically every institution. Numerous academics define the phrase by taking different vantage points. "Interpersonal relationships in which power and influence are unevenly distributed so that one

person is able to direct and control the actions and behaviors of others to a greater extent" is what Fiedler (1967) defined as leadership. According to (Stogdill, 1948) " Leadership is the process of influencing the activities of an organized group in its Efforts toward goal setting and goal achievement." (Yukl & Fleet, 1992) "Leadership is a process that includes influencing task objectives and strategies, influencing commitment and compliance in task behavior to achieve these objectives, influencing group maintenance and identification, and influencing the culture of an organization."

Studying management techniques from a variety of social and cultural perspectives is necessary in light of the globalization that has led to the expansion and growth of multinational organizations (Budhwar, 2003). According to Chauhan, Char, and Pothak (2005), these shifts have a substantial impact on managerial philosophies in addition to the sociocultural milieu. Human resources are the most crucial component of an organization's efficacy and efficiency since they are social systems. The corporation and its leaders must consider the ramifications of these changes and advances. According to Tordera, Gonzalez, and Peiro (2008), a key component of successful work outcomes that guarantee a contented and driven workforce is leadership. However, according to Vecchio, Justin, and Pearce (2008), the path-goal theory suggests that leadership is a prerequisite for a number of outcomes at work, including low job satisfaction.

2.4 Leadership

Both academics and the general public are interested in the topic of leadership. Although scientific studies conducted in the 20th century attempted to define and analyze leaders' effectiveness, the subject of effectiveness of leaders remained unsolved for a long time (Howieson, 2008). The practice of persuading people or organized groups to act in a way that advances specific aims and

objectives is known as leadership. According to Jolson et al. (1993), leadership is the capacity to affect followers' behavior. As a result, a leader needs to interact with individuals face-to-face, build relationships with them, and motivate and inspire them to work together to realize objectives and realize their vision. The practice of persuading people or organized groups to act in a way that advances specific aims and objectives is known as leadership. According to Jolson et al. (1993), leadership is the capacity to affect followers' behavior. As a result, a leader needs to interact with individuals face-to-face, build relationships with them, and motivate and inspire them to work together to realize objectives and realize their vision. Leaders must exhibit bravery, honesty, empathy, vision, leadership, and an ethical position. They should also be able to assess people's emotions, motivations, and ways to influence them to accomplish organizational goals. According to Daft (2005), leadership is the influence that exists between a leader and their followers who have common goals and aim to bring about genuine changes and results.

The process of directing the actions of individuals or formalized organizations toward the accomplishment of specific goals and objectives is known as leadership. As defined by Jolson et al. (1993), leadership is the capacity to affect followers' behavior. As a result, a leader needs to interact with individuals face-to-face, build relationships with them, and motivate and inspire them to work together to realize objectives and realize their vision. Leaders must exhibit bravery, honesty, empathy, vision, leadership, and an ethical position. They should also be able to assess people's emotions, motivations, and ways to influence them to accomplish organizational goals. According to Daft (2005), leadership is the influence that exists between a leader and their followers who have common goals and aim to bring about genuine changes and results.

2.5 Leadership Behavior

Managers and their leadership behaviors play a major role in the accomplishment of organizational objectives. The way a manager leads has an impact on the productivity and job satisfaction of their team members. According to Marie et al. (2011), a preferred pattern of behavior is what is referred to as a leadership behavior. On the other hand, Mosadegh (2003b) sees leadership behavior as a set of dispositions, traits, and abilities that a manager employs in a variety of contexts in compliance with corporate and personal ideals. Different behaviors are used by managers with different subordinates in different circumstances to inspire them to provide their best effort. Numerous research projects have been carried out to investigate how leadership behaviors affect organizational results (Kreitner, 2008).

Various leadership behaviors, including authoritarian, bureaucratic, laissez-faire, charismatic, democratic, participatory, situational, transactional, and transformational leadership, have been suggested by leadership theories. However, experts generally agree that a specific leadership action will produce a specific outcome in a specific scenario. To put it another way, not every circumstance calls for the same leadership behavior. According to Mosad and Yamamadian (2006), a leader could exhibit more effectiveness in one scenario but not in another.

2.6 Classification of Leadership Behaviors

Due to its advanced and all-encompassing contingency theory, the four model of leadership behavior has emerged as the predominant model for the study of leadership behavior (Richard, 2012). According to the Path-Goal theory, leaders may act differently toward distinct subordinates as well as toward the same subordinates in various contexts (Richard et al., 2012). According to the path-goal theory, a leader's acceptance by subordinates, their degree of satisfaction, and their motivation to work well can all be increased by adopting different leadership behaviors, depending

on the circumstances and subordinates. Path-goal suggests a four-class classification of leader behaviors based on situational considerations, which are explained below.

Directive leader: a directive leader lays out for their subordinates exactly what is expected of them. It describes a leader who communicates with their team members about their tasks, including expectations, the proper way to complete them, and when they should finish them. In addition, he establishes clear guidelines and expectations for subordinates as well as performance requirements (Northouse, 2013). When a task is difficult or unclear, formal authority is strong, and the work group offers job satisfaction, directive behavior is appropriate (Lussier & Achua, 2010).

Supportive leader: a supportive leader is considerate of the needs and well-being of their subordinates. In order to practice supportive leadership, a leader must be personable, affable, and sensitive to the needs and welfare of their subordinates (Northouse, 2013). When a task is straightforward, formal authority is lacking, and the work group does not produce a satisfying product, supportive leadership is suitable.

Participative leader: a participative leader discusses decisions with their team members. According to Northouse (2013), a participative leader solicits input from their subordinates, incorporates their ideas and opinions into decision-making, and consults them. When tasks are difficult, authority is either weak or strong, and coworker satisfaction is either high or poor, participatory leadership is acceptable. It is also appropriate when subordinates have an internal locus of control, don't want autocratic leadership, and have high follower ability (Lussier & Achua, 2010).

Achievement-oriented leader: leader that prioritizes achievement sets hard yet clear goals for their team members is called achievement-oriented leadership behavior. The leader sets a high bar for performance and pursues ongoing development for their team members. Moreover, the leader demonstrates a high level of trust in their subordinates (Northouse, 2013). When followers are capable, have an external locus of control, are receptive to authoritarian leadership, the task at hand is straightforward, authority is strong, and coworker job satisfaction is either high or poor, achievement-oriented leadership is suitable (Lussier and Achua, 2010).

2.7 Empirical literature review

2.7.1 The Relation between Leadership Behavior and Job Satisfaction

Leadership is shown to have a significant correlation with both organizational effectiveness and employee job satisfaction. Different leadership practices have been shown to have different consequences on work results, including job satisfaction. Consequently, Kahai et al. (1997) discovered that directive leadership conduct in highly structured activities and supportive behavior in highly unstructured jobs were linked to better levels of job satisfaction. Nonetheless, Kim (2002) discovered a connection between participative leadership behavior and employees' job satisfaction. Leadership and employee job satisfaction are positively correlated, according to a number of studies (Malik, 2011; Yousef, 2006; Berson and Linton, 2005; Seo et al., 2004; Nissa, 2003; Mosadeghrad, 2003a; Vance and Larson, 2002; Chiok Foong Loke, 2001; Dunham-Taylor, 2000; Stordeur et al., 2000; Hespanhol et al., 1999; Morrison et al., 1997).

The relationship between leadership behavior and employee job satisfaction has been the subject of extensive research in organizational psychology and management.

Numerous studies have examined how different leadership styles and behaviors impact employee attitudes, motivation, and satisfaction levels. For instance, Avolio et al. (2004) found that transformational leadership positively predicts employee job satisfaction, mediated by psychological empowerment and trust in the leader.

Similarly, supportive leadership behaviors, characterized by empathy, communication, and concern for employee well-being, have been associated with higher levels of job satisfaction (Eisenberger et al., 1990).

Participative leadership, which involves involving employees in decision-making processes, has also been linked to increased job satisfaction and organizational commitment (Cotton et al., 1988).

Conversely, research suggests that directive leadership behavior may negatively impact employee job satisfaction by restricting autonomy, stifling creativity, and undermining trust (Liden et al., 2008).

Employees subjected to directive leadership may experience feelings of disempowerment and alienation, leading to reduced satisfaction with their work environment and organizational leadership. Theories of leadership (such as Bass, 1985's transactional leadership and House, 1996's revised path-goal model of leadership). Various researches were analyzed from different angles and then the path goal leadership theory was used to show how leader conduct affects employee satisfaction at work.

The followings are some of the theories (empirical reviews):

The Hawthorne studies, conducted in the 1920s by Fritz Roethlisberger and Elton Mayo with workers at the Western Electric Company's Hawthorne plant, were a part of an investigation of the

socio-psychological aspects of employee behavior in workplaces. Researchers at Hawthorne hypothesized that having a sympathetic supervisor, choosing one's own friends, working in a group, and feeling unique (as seen by working in a separate space) were all factors in increased worker productivity. The Hawthorne trials show those meeting workers' needs and desires to belong to a group, participate in decision-making, and work results in higher productivity than providing nice workspaces and cash incentives. The main goal of the research was to find out if workers in specific environments such as those with greater lighting were more attentive and efficient. The results were surprising because Mayo and Roethlisberger found that workers were more sensitive to social cues than to the physical cues they had examined, such as lighting and other details, as well as the team members they worked with and the level of interest their management showed in their work. The Hawthorne tests helped establish that workers responded favorably to extra attention from their bosses and the impression that the latter actually valued and cared about their work. The study also discovered that social factors are important in affecting worker productivity, in addition to financial incentives.

Kennerly (1989) investigated the link between administrative leadership techniques, organizational characteristics, and faculty job satisfaction at private liberal arts universities that offered baccalaureate nursing degrees. Organizational behaviors like reciprocal trust, respect, a particular level of warmth, and rapport between the dean (chair) and the faculty member were predictive of the development of nurse faculty work satisfaction. In their study, Branick and Smith (2002) used the same instruments. The Leadership Practices Inventory was used to evaluate the leadership behavior of nurse supervisors, while the Job in General scale was used to measure the general job satisfaction of nurses. Both studies show a strong relationship between nurses' opinions of the application of leadership behaviors and their job satisfaction, productivity, and organizational commitment.

A study done on thirty-two workers at the nonprofit Goodwill Industries of Greater Grand Rapids (GIGGR) in Grand Rapids, Michigan provides evidence in favor of the theory that "soft" qualities have a stronger influence on job satisfaction than "hard" ones. The study found that the two primary factors influencing job satisfaction were connections with direct supervisors and coworkers. The impact of these linkages on job satisfaction was even higher than that of the tasks themselves. Furthermore, the report indicates that 72% of GIGGR employees are content, with the remaining 18% describing their level of satisfaction as neutral. No employee voiced complaints (Allendale, 2004). The Society for Human Resource Management (SHRM) in the US released a research report in 2014 that listed one of the Top Five Factors Affecting US Employee Job Satisfaction as considering that 72% of workers considered courteous treatment of all employees, regardless of level, to be "very important," this characteristic has the most influence on total job satisfaction in 2014. At 64%, trust between employees and upper management was shown to be the second most important factor affecting job satisfaction. These two new elements also change the top five factors that influence job satisfaction. It should come as no surprise that these components received good marks when companies came out of a dark time because they both encourage improved communication between employees and upper management.

According to the path goal theory, Ahamd (2010) carried out a study based on the route goal leadership theory in an effort to ascertain the association between leadership behavior, organizational support, and job satisfaction among Tehran-based employees of an Iranian cement company. According to the path goal theory of leadership, the results of his co-relational study showed that supportive leadership conduct raises employees' job satisfaction.

The study conducted by Voon, Ngui, and Ayob (2011) came to the same conclusion. Their findings indicate that leadership is the process by which a leader seeks to affect subordinates' behavior in

order to achieve organizational goals. Two hundred Malaysians who work for the government participated in the study. The results showed a strong relationship between leadership and work satisfaction.

Malik's (2013) study looked into how leadership conduct affected Pakistani employees' job happiness. In such case, employee job satisfaction is mostly determined by the leadership style of managers, and a substantial correlation is seen between the four path goal leader style and the job itself. After research, it was shown that there was a significant relationship between manager leadership behavior and employee work satisfaction.

Malik, Aziz, and Hassen (2014) looked into how leadership style affected workers' job satisfaction in the telecom industry using the path goal leadership theory. The findings demonstrated a substantial relationship between situational elements, leadership behavior, and followers' regard for their superiors. It was proposed that a leader's behavior would affect how well-liked they are by their subordinates, leading to an improvement in job satisfaction. In addition, there is a direct link between a leader's acceptance and the linear combination of four leadership behaviors: achievement-oriented, supportive, participatory, and directive. Regression study indicates that 37% of the variation in leader behavior can be attributed to work satisfaction.

Buket, Akdol, Sebrem, and Ariboga (2015) looked into the effect of leadership behavior on employee job satisfaction in Turkey's Fast 50 technology companies. The study indicates that one of the most important positive work attitudes is job satisfaction. The results show that leadership is a critical component that facilitates good job satisfaction. Their research's findings demonstrated that leadership positively and significantly impacted both overall job satisfaction and the creative part of job satisfaction.

2.8 Conceptual Frame Work

Following a review of several literatures, a model was created that uses leadership behaviors as the independent variable and work satisfaction as the dependent variable. Several models from different authors are taken into consideration when creating the conceptual model. The study's foundation was the path goal theory. One kind of contingency theory is path-goal theory, which was put forth by House (1971), Northouse (2013), and House and Mitchell (1974).

The path-goal hypothesis states that a leader's efficacy is determined by their capacity to give followers the knowledge (path) they need to accomplish important goals (Lowenberg & Conrad, 1998). According to the theory, there are four categories of leadership behaviors that any manager could engage in. The specific behaviors that are being studied are Directive, Supportive Participative and Achievement-oriented. The impacts of these four leadership behaviors on job satisfaction were examined in the research.

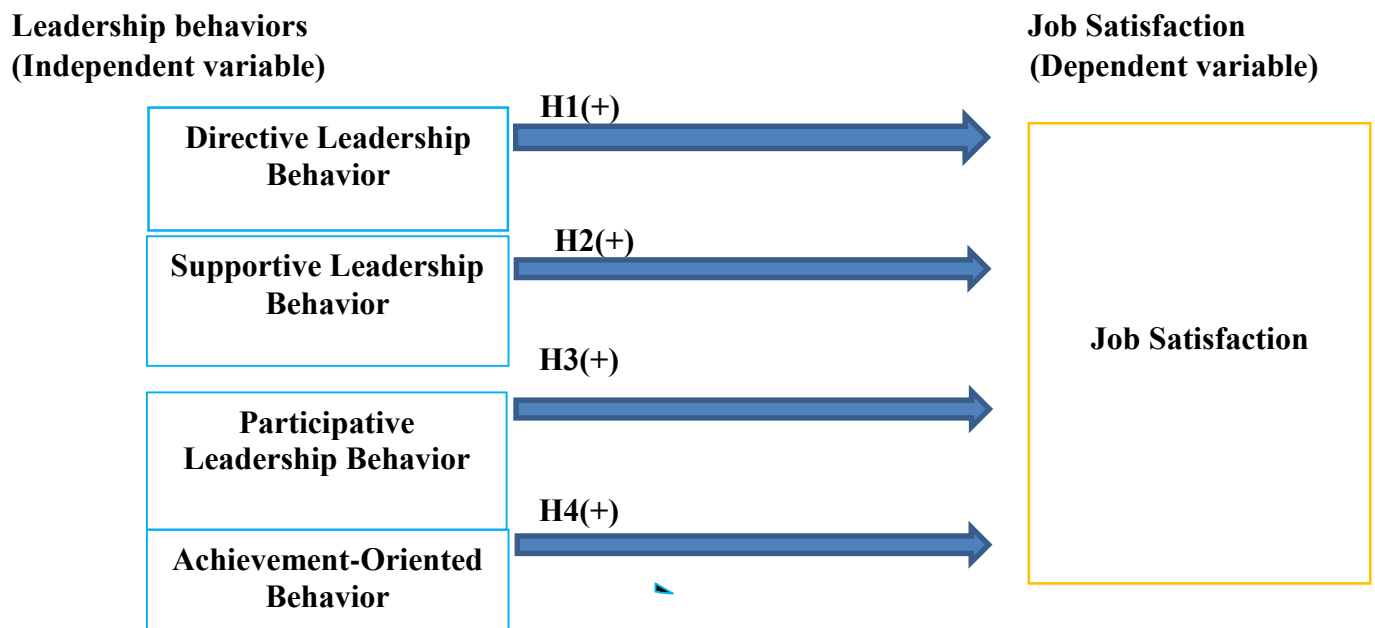


Figure 2: conceptual framework; source path goal leadership theory (Northouse, 2013).

2.8.1 Study Hypothesis

Hypothesis (H1): Directive leadership behavior has significant and positive effect on Employee job satisfaction.

Hypothesis (H2): Supportive leadership behavior has significant and positive effect on Employee job satisfaction.

Hypothesis (H3): Participative leadership behavior has significant and positive effect on Employee job satisfaction.

Hypothesis (H4): Achievement-oriented leadership behavior has significant and positive effect on Employee job satisfaction.

CHAPTER THREE

METHODOLOGY

The study's main objective is to evaluate the effect of leadership behavior on employee job satisfaction in CBO, This chapter has covered research methodology, research design, population, sample size, sampling strategies, data collection instrument, data analysis methods, and applied ethical considerations have all been described in this chapter.

3.1 Description of the study area

This research was conducted at Cooperative Bank Oromia. The bank has about 738 branches spread out over the country and a total of 14 Districts, according to its annual report for the fiscal year 2021/22. Of the total districts, four (4) are located in Addis Ababa and have 356 branches; however, the central office is home to 12 processes. Therefore, the effect of leadership behavior on employee job satisfaction was investigated in this study, which was conducted on bank professionals located in selected branches across the four districts of Addis Ababa and the head office.

3.2 Research Approach and design

This study employed an explanatory research design; this method was chosen because it makes it possible to investigate how leadership behavior (independent variable) affects job satisfaction (dependent variable). The quantitative research approach has been adopted for this study. In particular, regression and descriptive analysis are used.

3.2.1 Population of the study

As of September 2023, Cooperative Bank of Oromia employed over 11,500 people in Addis Ababa, according to a report generated by the organization's human resource data management system. Of these, 2261 were clerical employees, 7972 were non-management professional employees, and the remaining 1453 were management (CBO, 2023). In order to choose targets who are impacted by a leader's behavior and to reduce anticipated bias when responding to inquiries about leadership, the study was done on professional employees who are not in management. Management employees were left out of the study. 34 branches were chosen randomly among the 356 branches in Addis Ababa.

3.2.2 Sample size and Sampling Techniques

A stratified random sample technique was used in the research to determine the number of items selected from each stratum. The study encompasses 7972 permanent professional employees as its total population. Because Taro Yemani's (1964) statistical method was easy to use and had a 95% confidence level, it was used to establish the sample size. It is as follows:

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

Where:

n = sample size to be determined

N = population of interest

e = error margin (0.05)

1 = constant value

$$n = \frac{7972}{1+7972(0.05)^2}$$

$$n = 380.88$$

Thus, 381 is the sample size.

Accordingly using random sampling technique the above sample respondents were selected from each stratum illustrated in the following table.

Table 3.1 Sample size Determination

No	Population Description/Stratum	Population in stratum	Respondents	Sample proportion	Percentage (%)
1	West Addis Ababa	1329	65	0.1706	17.06
2	East Addis Ababa	1548	72	0.1891	18.91
3	North Addis Ababa	1689	80	0.2099	20.99
4	South Addis Ababa	1448	69	0.1811	18.11
5	Head Office	1958	95	0.2493	24.93
	Total	7972	381	1.00	100

Hence, questionnaires were reviewed for 65 respondents from West Addis Ababa, 72 from East Addis Ababa, 80 from North Addis Ababa, 69 from South Addis Ababa, and 95 from Head Office.

3.2.3 Data sources and types

The researcher used primary data to carry out this investigation. Primary data was gathered by having professional employee's filled questionnaires.

3.3 Instrument of Data Collection

A five-point Likert scale questionnaire is used as the data collection tool to examine how leadership behavior affects employees job satisfaction. The items are from the Minnesota Satisfaction Questionnaire (1967) from the University of Minnesota and the Leadership Behavior Description Questionnaire (LBDQ), which was created by Ohio State University in 1963. There are three sections to it. Section one contains five questions concerning demographic traits. There are 22 questions in section two covering the four categories of leadership behavior and 16 questions in section 3 covering employee job satisfaction.

Table 3.2 Component of questions related to leadership behavior

NO	Leadership behaviors	No of questions
1	Participative LB	5
2	Supportive LB	7
3	Achievement-oriented LB	5
4	Directive LB	5
	Total	22

Source: LBDQ (1963) with a beta value of

The second section of the questionnaire consists of sixteen items that are used to gauge the intrinsic and extrinsic job satisfaction of employees. These items were taken from the Minnesota satisfaction questionnaire. A five-point Likert scale, with 1 indicating strongly disagree, 2 disagree, 3 neutral, 4

agree, and 5 strongly agree, was used to compose the questions. Each of the questions posed asked respondents to express how much they agreed or disagreed with the statement. As per Pihie (2009), a mean score of below 3.39 is classified as low, 3.4-3.7 as moderate, and >3.8 as high.

Table 3.3 Component of Questions related to the level of job satisfaction

No	Dependent variable	No of Question
1	Job Satisfaction of employees	16
	Total	16

Source: Minnesota satisfaction questionnaire (1967)

3.3.1 Data Collection Procedures

The primary data is collected by standard and tested questionnaires created by Ohio State University (1963) and Minnesota Satisfaction Questionnaire (1967) by the University of Minnesota. The proper statistical data analysis method was applied to evaluate and interpret the data obtained using various data collection instrument in the context of the study topics.

Then, the developed questionnaires were tested in pilot study. After approval of HR manager of the bank the questionnaires were distributed to the selected branches for 381 professional employees of the bank working in the four districts of Addis Ababa and head office. Following thorough editing and verification to remove any surveys that had been filled out incorrectly, the data was encoded and examined using SPSS version 26. The outcomes are shown using tables.

3.3.2 Methods of Data Analysis and Model specification

The study has used descriptive data analysis techniques on conducting the mean and standard deviation using SPSS version 26. The study has also used multiple regression analysis on studying and determining the effect of leadership behavior on employee job satisfaction. And the results are presented by using tables and figures to bring clear and easy understanding of the findings.

The independent variable and an error term are combined to express the impact of leadership behaviors (directive, supportive, participative, and achievement-oriented) on employee job satisfaction. The multiple regression models are given as follows, in accordance with Greene (2003):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where:

Y = Job Satisfaction

β_0 = Constant

X₁ = Directive leadership behavior

X₂ = Supportive leadership behavior

X₃ = Participative leadership behavior

X₄ = Achievement-Oriented leadership behavior

ϵ = Error term

β_1 , β_2 , β_3 , and β_4 are coefficient of independent variable.

3.3.3 Validity and Reliability

How thoroughly the notion is characterized by the measure(s) and reliably reflects its intended purpose is what validity is all about. Consequently, this study made an effort to address validity by reviewing the literature and modifying the instruments that were employed in earlier studies.

The adviser verified the instrument's validity to make sure it measures the things it claimed to measure. Conversely, reliability is focused on the products' internal consistency. According to Hair et al. (2007), dependability is the degree to which a variable or group of variables consistently measures the same thing. To ensure that the data collecting instrument was reliable and consistent, a pilot test was carried out on a staff of the bank prior to the actual data collection. Cronbach's alpha was used to evaluate the questionnaire's reliability for each and every item. This aids in evaluating the items' internal consistency (Duffy and Kilbourne 2001). A high α (greater than 0.60) shows that the items within a scale are assessing the same construct. Cronbach's alpha ranges from measures how consistently participants respond items on a scale, and that items assessing the same construct are indicated by a range of 0 – 1 and a value of 0.60 and greater is considered acceptable. The values obtained for the Cronbach's alpha value were generated using SPSS version 26.

Table 3.4 Summary of scales & Cronbach’s alpha values

Variables	No of items	Cronbach’s alpha value
Directive LB	5	.838
Supportive LB	7	.955
Participative LB	5	.869
Achievement-oriented LB	5	.946
Job Satisfaction	16	.976
a, dependent variables : job satisfaction		
b, independent variables: Directive, Supportive, Participative & Achievement oriented Leadership Behavior		

Consequently, all of the measurements have an adequate Cronbach's alpha value and are therefore reliable.

3.3.4 Ethical consideration

The investigation was carried out with ethical responsibility in mind. This entails citing sources correctly, explaining to respondents the aim of the research and how to use the data, and presenting the results in a way that is morally acceptable. The researcher maintained tight anonymity regarding the information gathered.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

As was previously discussed in the earlier chapters, this study examined the effect of leadership behavior on employees' job satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa city Administration. This section presents and analyzes the results of a questionnaire survey that was filled by CBO workers. There are two primary sections to this chapter. The findings of the descriptive analysis are shown in the first section, and the results of the regression analysis are shown in the second. The collected data were presented, examined, and interpreted using SPSS software version 26.

4.2 Response Rate

Out of the 381 questionnaire surveys that were given out to employees with 355 responses, there was a 93.1% response rate. Moreover, Mugenda (1999) rates a 50% response rate as adequate, a 60% good rate, and a 70% rate or higher as very good, meaning that a 93.1% response rate is very good.

4.3 Demographic Background of Respondents

Descriptive statistics were used to analyze the respondent's demographic features of the statistics with frequencies, and the following is a detailed description of the analysis's findings:

Table 4.1 Demographic Background of respondents

S.N	Background	Distribution	Frequency	Percentage
1	Gender	Male	226	63.7
		Female	129	36.3
2	Age	20-25	249	70.1
		26-30	12	3.4
		31-40	73	20.6
		41-50	14	3.9
		Above 50	7	2
3	Level of Education	Diploma	6	1.7
		1 st Degree	251	70.7
		Masters	83	23.4
		Above masters	15	4.20
4	Year of Experience	Under 5 years	233	65.60
		6 - 10 years	47	13.2
		11 - 15 years	35	9.9
		Above 15	40	11.3
5	Marital status	Single	224	63.1
		Married	127	35.8
		Divorced	4	1.10

Source: own survey (2024); N = 355

Male respondents accounted for the largest portion of the sample population under consideration for the study (226), or 63.7% of the sample, as shown from item number one of the above table.

The majority of respondents, as indicated by item number 2, were between the ages of 20 and 25, with those over 31 and those between the ages of 41 and 50 coming in second and third, respectively. This suggests that the bulk of the bank's present workforce is under 40.

The majority of respondents (70.7%) have a bachelor's degree, followed by those with a master's degree. Additionally, the majority of respondents (65.6%) have worked for the bank for fewer than five years, with those with service years between six and ten years coming in second. These findings are shown in item number 3 of the above table. In addition, the most of respondents are unmarried.

4.4 Descriptive Statistics for the four types of leader Behaviors

A descriptive analysis like mean and standard deviation was performed to ascertain which of the four categories of leadership behaviors directive, supporting, participatory, and achievement-oriented is most common in CBO. Respondents indicated how much they agreed or disagreed with each of the four leadership behaviors and the actions of their leaders using Likert scales, which go from strongly agree to strongly disagree. Refer the table that follows.

Table 4.2 Results of Descriptive Statistics of leadership Behaviors

Leadership behaviors	Mean	Std. Deviation	N
Directive Leadership behavior	3.42	.65	355
Supportive Leadership behavior	3.01	.71	355
Participative Leadership behavior	2.99	.81	355
Achievement-oriented Leadership behavior	2.98	.83	355

Source: own survey (2024); N = 355

Table 4.2 presents the means and standard deviations of the four different leadership behaviors: Directive, Supportive, Participative, and Achievement-oriented. These values are based on the perceptions of employees regarding the leadership behaviors at CBO. The means indicate the average level of each leadership behavior as perceived by the employees. The standard deviations represent the amount of variation or deviation from the mean value. A lower Std indicates that the data points are closer to the mean, while a higher Std indicates that the data points are spread out over a larger range of values.

Directive Leadership behavior had a Mean value and Standard Deviations of: 3.42 & 0.65 which is moderate and it indicates the leaders exhibit a moderate level of providing such clear instruction and guidance to their employees.

Supportive Leadership behavior: 3.01 & 0.71 which is considered as low and this implies that the leaders provide low or some degree of support, encouragement and consideration for their employees.

Participative Leadership behavior: 2.99 & 0.81 which is also low and this implies that the leaders rarely involve employees in decision making processes to some extent.

Achievement-oriented Leadership behavior: 2.98 & 0.83 which is low this implies the leaders are barely focused on setting challenging goals and pushing their teams to perform at a high level to achieve those goals.

Furthermore, the means suggest that the employees perceive the leadership as exhibiting Directive Leadership behavior to the highest degree (3.42), followed closely by Supportive Leadership behavior (3.01). The Participative and Achievement-oriented Leadership behaviors were perceived at slightly lower levels, with means of 2.99 and 2.98, respectively. The standard deviations were relatively low, ranging from 0.64 to 0.83, indicating that the employees' perceptions of these leadership behaviors are generally consistent, with most responses clustering around the mean values.

4.5 Descriptive statistics on Employees' job satisfaction

To investigate job satisfaction (including intrinsic and extrinsic aspects), a descriptive analysis was conducted using the mean and standard deviations. Respondents were asked to rate their level of

agreement with the work satisfaction questions on a Likert scale ranging from strongly agree to strongly disagree.

Table 4.3 Results of Descriptive Statistics of employee job satisfaction

Dependent variable	Mean	Std. Deviation	N
Job Satisfaction	2.29	0.92	355

Source: own survey (2024); N = 355

The data presented in the table reveals that the average job satisfaction level among employees is relatively low, with a mean value of 2.29 and Std of 0.92. This suggests that the bank’s employee experiences only a low level of contentment with their job-related factors.

4.6 Correlation Analysis

To determine whether there are any meaningful relationships between the independent and dependent variables, Pearson correlation analysis is utilized. The correlation is measured using Pearson correlation that has a range of -1 up to 1, where 1 indicates a positive correlation, -1 indicates a negative correction and 0 indicates no linear correlation (Montgomery, Runger, 2011). A P-value determines level of significance and indicates the observed correlation is statistically significant and often has a significance level of (0.05). The correlation between the four leadership behaviors directive, supporting, achievement-oriented, and participative and job satisfaction are shown in the tables that follow.

Table 4.4 Correlation between the four leadership behavior and employee job satisfaction

Correlation						
		Directive LB	Supportive LB	Participative LB	Achievement-oriented LB	Employee job satisfaction
Directive LB	Pearson Correlation	1	.315**	.013	.198**	.028
	Sig.(2-tailed)		0	.828	0	.0585
	N	355	355	355	355	355
Supportive LB	Pearson Correlation	.315**	1	.601**	.610**	.347**
	Sig.(2-tailed)	0		0	0	0
	N	355	355	355	355	355
Participative LB	Pearson Correlation	.013	.601**	1	.628**	.439**
	Sig.(2-tailed)	.828	0		0	0
	N	355	355	355	355	355
Achievement-oriented LB	Pearson Correlation	.198**	.610**	.628**	1	.428**
	Sig.(2-tailed)	0	0	0		0
	N	355	355	355	355	355
Employee job satisfaction	Pearson Correlation	.028	.347**	.439**	.428**	1
	Sig.(2-tailed)	.585	0	0	0	
	N	355	355	355	355	355

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

Source: own survey 2024

Table 4.4 shows the correlation between the four leadership behaviors and employees' job satisfaction in Cooperative Bank of Oromia.

Supportive LB and employee JS

Regarding supportive leadership behavior the result shows that there is a positive correlation of 0.347 with employees' job satisfaction in CBO, indicating that as supportive leadership behavior increases, employees' job satisfaction also tends to increase significantly.

Participative LB and employee JS

Regarding participative leadership behavior, there is a positive correlation of 0.439 with employees' job satisfaction, suggesting that an increase in participative leadership behavior is connected with higher levels of employees' job satisfaction in CBO.

Achievement-oriented LB and employee JS

Regarding achievement-oriented leadership behavior, there is a positive correlation of 0.428 with employees' job satisfaction in CBO, indicating that as achievement-oriented leadership behavior increases, employees' job satisfaction also tends to increase significantly.

Directive LB and employee JS

Concerning directive leadership behavior, there is a relatively low positive correlation of 0.028 with employees job satisfaction, suggesting a less pronounced relationship compared to the other leadership behaviors.

4.7 Regression Analysis Result

To find out how much the chosen leadership behaviors (directive, supportive, achievement oriented and participative) affect the dependent variable (job satisfaction), multiple regression analysis was done. The findings are displayed in the following section.

4.8 Preliminary Tests

4.8.1 Multi-Co Linearity

Multicollinearity refers to a situation in which two or more independent variables in a multiple regression model are highly linearly related. Multicollinearity was examined in this study using VIF (variance inflation factor) statistics and tolerance. The collinearity statistics made up of tolerance levels and variance inflation factors (VIF) are displayed in the following table. According to Andy (2006), a tolerance value of less than 0.1 most likely denotes a significant collinearity issue. Liu (2010) also suggests that a VIF value greater than 10 is also a concern. It was discovered that every predictor in this investigation had a tolerance of more than 0.1 and a VIF value of less than 10.

Table 4.5 Result of Multi collinearity test

Model	Collinearity statistics	
	Tolerance	VIF
Supportive LB	.842	1.188
Directive LB	.494	2.028
Achievement-oriented LB	.495	2.027
Participative LB	.514	1.949
Dependent variable : Job satisfaction		

Source: own survey (2024); N = 355

According to Andy (2006), a tolerance value of less than 0.1 most likely denotes a significant collinearity issue. Liu (2010) also suggests that a VIF value greater than 10 is also a concern. It

was discovered that every predictor in this investigation had a tolerance of greater than 0.1 and a VIF value of less than 10. Hence Multicollinearity is not a problem in this study, as evidenced by the values of supportive leadership behavior (.842 tolerance and 1.188 VIF), directive leadership behavior (.494 tolerance and 2.028 VIF), achievement-oriented leadership behavior (.495 tolerance and 2.027 VIF), and participative leadership behavior (.514 tolerance and 1.949 VIF). This indicates that there is no issue of collinearity among the study variables.

4.8.2 Normality Test

As mentioned in Konim (2013), West et al. (1996) claim that the interpretation of normality is dependent on the absolute value of skewness, with an absolute value of kurtosis greater than 7 and an absolute value of skewness greater than 2 indicating severe non-normality. Therefore, based on the outcome of table 4.6 below, the distribution's normality is satisfied for this set of data.

Table 4.6 Normality table

Variables	N	Skewness	Kurtosis	Skewness (Std. Error)	Kurtosis (Std. Error)
Employee Job satisfaction	355	1.738	2.834	.129	.258
Achievement-oriented LB	355	0.784	0.428	.129	.258
Participative LB	355	1.000	1.463	.129	.258
Directive LB	355	.363	-.254	.129	.258
Supportive LB	355	.649	-.375	.129	.258

4.8.3 Model Fit

Multiple regression analysis was utilized to evaluate the model fit, or the impact of the independent variables on the dependent variable (R², modified R², and ANOVA.) While the adjusted R² gauges the model's cross-validity, the R² is used to evaluate the variance in the dependent variable of employee job satisfaction that can be attributed to the independent factors. The ANOVA tables and model summary below display the model-fit results.

Table 4.7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.654 ^a	.427	.421	.5933

The Model Summary in table 4.7 provides key statistical information on the relationship between leadership behavior and job satisfaction based on the research findings. The correlation coefficient (R) of 0.654 indicates a significant positive relationship between leadership behavior and employees' job satisfaction.

The R Square (R²) at 0.427 suggests that approximately 42.7% of the variation in 'Employee job satisfaction can be explained by the four independent variables (directive, supportive, participative and achievement-oriented). The remaining 57.3% of the variance is explained by other variables not included in this study. This percentage of R² is an indication of a good measure of the model due to the fact that the variance for the dependent variable is large in the current study. Conversely, the standard error of the estimate at 0.59 represents the average distance that the observed values of

leadership behavior and employees' job satisfaction fall from the regression line, indicating the accuracy of the model's predictions.

4.8.4 The Adjusted R² (Cross-validation of the Model)

Ascertaining with certainty whether the model produced from our sample accurately represents the total population is extremely difficult. However, there are methods for assessing the model's predictive accuracy in a different sample. Cross-validation is one approach to accomplish this. The process of cross-validation involves evaluating the model's accuracy on various samples. The regression analysis's adjusted R² is used to evaluate cross-validation. The shrinkage or loss of predictive power is indicated by the adjusted R². It indicates the amount of variance in the employee job satisfaction variable that would have been explained if the population used to draw the model had been the sample. A good model to generalize is indicated by a result that is equal to or closer to the R² value. With a difference of .006 (0.6%), the current study's results showed an R² of 0.427 and an adjusted R² of 0.421. This shrinkage indicates that about 0.6% less variance in the result would be explained if the model were based on the population as opposed to the sample. This result is extremely close to the observed R² value (0.427), suggesting that the model's cross-validity in the current investigation is excellent.

Table 4.8 ANOVA

Model		Sum of Squares	DF	Mean Square	F	Sig
1	Regression	91.987	4	22.995	65.33	.000 ^b
	Residual	123.192	350	.353		
	Total	215.179	354			

A. Dependent Variable: Job Satisfaction

Table 4.8 with the ANOVA table provided for the effect of Leadership Behavior on Job Satisfaction and the interpretation of these results were analyzed. The regression model with Leadership Behavior as the predictor variable significantly explains the variance in Job Satisfaction, as showed by a high F-value of 65.33.

P-value of .000 (which is less than 0.05), suggesting that the relationship between Leadership Behavior and Job Satisfaction is statistically significant. The sum of squares for the regression model (91.987) is considerably higher than the sum of squares for the residual (123.192), indicating that a substantial portion of the variability in Job Satisfaction can be attributed to Leadership Behavior. The degrees of freedom for the regression model (4) and the residual (350) are appropriately allocated, reflecting the number of predictors and the error degrees of freedom in the model. In summary, the ANOVA results suggest that Leadership Behavior has a significant impact on Job Satisfaction..

Table 4.9 Coefficients of Independent and Dependent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.603	.164		3.675	.000
Directive leadership behavior	-.080	.038	-.093	-2.117	.035
Supportive Leadership behavior	.163	.063	.148	2.580	.010
Participative Leadership behavior	.244	.056	.252	4.400	.000
Achievement-oriented Leadership behavior	.344	.053	.366	6.500	.000

A. Dependent Variable: Job Satisfaction

Source: own survey 2024

The standardized beta coefficient column shows how much a variable contributes to the model. The beta weight is the average increase in the dependent variable when the independent variable increases by one standard deviation, all other independent variables being maintained constant.

4.9 Hypothesis Test and interpretation

The multiple regression analysis results presented in table 4.9 above, directive LB has a not significant and negative effect on employee JS at 96% confidence level with a sig value of .035. The standardized coefficient (Beta = -.093). The negative beta coefficient indicates an inverse relationship between JS and directive LB. Therefore, the hypothesis (H1) that stated directive LB has significant and positive effect on JS is not supported. Meaning that as directive LB increases, job satisfaction decreases. This suggests that when leaders engage in directive behaviors, such as closely supervising employees and providing detailed instructions, it tends to decrease employee job satisfaction. This is because the work that is done in CBO is more routine and clear-cut as a result, the more a leader behaves in this way, the less satisfied the employees are.

On the other hand, Supportive LB has a statistically significant and positive effect on job satisfaction at 99% confidence level with a sig value of .010. The standardized coefficient (Beta = .148) showed that supportive LB has significant and positive effect on employee JS. Therefore the hypothesis (H2) that stated supportive LB has significant and positive effect on employee job satisfaction is supported. Meaning that when supportive LB increases so does JS. Leaders who show concern for their employees' well-being, provide encouragement, and create a friendly work environment are more likely to enhance employee JS. This is due to the fact that a supportive leader fosters a welcoming and honest work atmosphere where motivated staff members are

inspired to put in more effort and accomplish their objectives, making their work more engaging and fulfilling.

Consequently, Participative LB too has statistically significant and positive effect on job satisfaction at 99.9% confidence level with a sig value of .000. The standardized coefficient (Beta =.252) showed that participative LB has significant and positive effect on Employee job satisfaction. Therefore the hypothesis (H3) that stated participative LB has significant and positive effect on Employee JS is supported. Meaning that when participative leadership behavior rises, so does job satisfaction. When leaders involve employees in decision-making processes and consider their ideas and suggestions, it leads to higher levels of job satisfaction among employees.

Also, achievement-oriented LB has statistically significant and positive effect on job satisfaction at 99.9% confidence level with a sig value of .000. The standardized coefficient (Beta =.366) showed that achievement-oriented LB has significant and positive effect on employee JS therefore; the hypothesis (H4) that stated achievement-oriented LB has significant and positive effect on employee JS is supported. Meaning that when achievement oriented behavior increases, so does job satisfaction. Leaders who set challenging goals, expect high performance, and continuously seek ways to improve organizational effectiveness are more likely to increase employee JS.

According to employee statistics, of the four types of LB (directive, supportive, participative and achievement oriented) that have been examined; directive LB is currently the most prevalent type in CBO and has a negative impact on employee JS. Additionally, when it comes to the other three leadership behaviors (supportive, participative and achievement oriented). Overall, employees are happy with their jobs.

4.10 Revised Regression Model

The described model in this case is derived from the regression equation's independent variable standardized coefficients, or Beta.

$$Y = \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

$$\text{Employee job satisfaction} = .603 - .093(\text{Directive LB}) + .148 (\text{Supportive LB}) + .252 \\ (\text{Participative LB}) + .366 (\text{Achievement-oriented LB}) + e$$

Where:

Y = Job Satisfaction

β_0 = Constant

X1 = Directive leadership behavior

X2 = Supportive leadership behavior

X3 = Participative leadership behavior

X4 = Achievement-Oriented leadership behavior

ϵ = Error term

β_1 , β_2 , β_3 , and β_4 are coefficient of independent variable

Table 4.11 Summary of Hypothesis Test

Hypothesis	Result	Decision
H1: Directive LB has positive & significant effect on employees job satisfaction	Insignificant and Negative effect	Not Accepted
H2: Supportive LB has significant & positive effect on employees job satisfaction	Significant & Positive effect	Accepted
H3: Participative LB has significant & positive effect on employees job satisfaction	Significant & Positive effect	Accepted
H4: Achievement oriented LB has positive & Significant effect on employees job satisfaction	Significant & Positive effect	Accepted

4.11 Discussion

This study investigated the effect of leadership behaviors on employee job satisfaction within Cooperative Bank of Oromia. The findings reveal significant insights into how specific leadership behavior affects employee job satisfaction.

Achievement-Oriented Leadership Behavior ($\beta = 0.366$, P-value= 0.000).

Achievement-oriented leadership behavior emerged as a strong predictor of job satisfaction ($\beta = 0.366$, $p < 0.000$) showing that achievement-oriented leadership behavior has statistically significant and positive effect on employee job satisfaction. Leaders who set challenging goals, expect high

performance, and continuously seek ways to improve organizational effectiveness positively influence employee satisfaction. The finding aligns with previous research such as that of Malik (2013), which also found a positive effect between achievement-oriented leadership and job satisfaction. Both studies emphasize the motivational impact of setting challenging goals and expecting high performance from employees.

Participative Leadership Behavior ($\beta = 0.252$, P-value= 0.000)

Participative leadership behavior also demonstrated statistically significant and positive effect on employee job satisfaction ($\beta = 0.252$, $p = 0.000$). Involving employees in decision-making processes and valuing their input fosters empowerment and enhances satisfaction levels. This aligns with previous research emphasizing the importance of employee involvement in organizational decisions for fostering commitment and satisfaction (Voon, Ngui, & Ayob, 2011).

Supportive Leadership Behavior ($\beta = 0.148$, p-value = 0.010).

Supportive leadership behaviors were found to have statistically significant and positive effect on employee job satisfaction ($\beta = 0.148$, $p = 0.010$). Leaders who demonstrate concern for employees' well-being, provide encouragement, and create a supportive work environment contribute positively to overall job satisfaction. Kennerly's (1989) research supports the current findings regarding supportive leadership's significant and positive effect on job satisfaction.

Directive Leadership Behavior ($\beta = - 0.093$, P-value = 0.035).

In contrast, directive leadership behavior exhibited a not significant and negative effect on employee job satisfaction ($\beta = - 0.093$, $p = 0.035$). The finding that directive leadership has a not significant and negative effect on job satisfaction contrasts with some previous research suggesting

mixed outcomes. This suggests that overly controlling or micromanaging behaviors may detract from employee satisfaction. Organizations should exercise caution in employing directive leadership practices without balancing them with empowering leadership approaches (Buket et al., 2015).

- ❖ As shown in the discussion above all of the independent variables (directive, supportive, participative and achievement-oriented leadership behavior) have statistically significant and positive effect on the dependent variables (employee job satisfaction) except for directive leadership behavior.

CHAPTER FIVE

SUMMARY, CONCLUSION & RECOMMENDATION

This study investigated how leadership behavior affected employees' job satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa city Administration. This chapter includes a summary of the research findings, the study's conclusion based on those findings, and suggestions for the bank for areas that need an improvement.

5.1 Summary of the Findings

- Descriptive statistics research shows that of the four types of leadership behaviors examined in this thesis, directive leadership behavior is currently the most prevalent in CBO with a mean value of (3.42) followed by supportive leadership behavior(3.01), participative leadership behavior (2.99) and achievement-oriented (2.98). (Table 4.2)
- Over all, the company uses moderate level of directive leadership behavior with a mean value of 3.42 and Std 0.65 and a low level of practice of supportive leadership behavior with a mean value of 3.01 and Std 0.71, participative leadership behavior with mean value of 2.99 and Std 0.81 and achievement-oriented with a mean value of 2.98 and Std of 0.83. The average job satisfaction level is also relatively low with a mean value of 2.29 and a Std of 0.92. This suggests that the bank's workforce experiences only a low level of contentment with their job-related factors.
- The effect of the four leadership behaviors on job satisfaction was also examined using multiple regression analysis and except for directive leadership behavior all the independent variables of the research are strong positive predictors of employee job satisfaction

accounting for 42.7% ($R^2 = 0.427$) of the variability in employee job satisfaction (Table 4.7).

- Regarding correlation between the four LB and employee job satisfaction the result shows that there is a positive correlation, for instance supportive leadership behavior has a positive correlation of 0.347 with employees' job satisfaction, participative leadership behavior has a positive correlation of 0.439 with employees' job satisfaction, achievement-oriented leadership behavior has a positive correlation of 0.428 with employees' job satisfaction but directive leadership behavior concerningly has relatively weaker positive correlation of 0.028 with employees job satisfaction, suggesting a less pronounced relationship compared to the other leadership behaviors.
- Achievement-oriented leadership behavior ($\beta = .366$, sig. value = .000), the study showed that achievement-oriented LB has a statistically significant and positive effect on employee JS. Leaders who set challenging goals, expect high performance, and continuously seek ways to improve organizational effectiveness are more likely to increase employee JS.
- Participative leadership behavior ($\beta = .252$, sig value = .000) participative LB has a statistically significant and positive effect on employee JS. When leaders involve employees in decision-making processes and consider their ideas and suggestions, it leads to higher levels of job satisfaction among employees.
- Supportive leadership behavior ($\beta = .148$, sig value = .010) supportive LB has a statistically significant and positive effect on JS. Leaders who show concern for their employees' well-being, provide encouragement, and create a friendly work environment are more likely to enhance employee JS.
- Directive LB ($\beta = -.093$, sig value = .035) was not significant and has negative effect on employees JS. When leaders engage in directive behaviors, such as closely supervising

employees and providing detailed instructions, it tends to decrease employee job satisfaction.

5.2 Conclusion

According to the study's findings, leadership is defined as the interaction between those who choose to follow and those who desire to lead, as well as the process of directing group activities toward the creation and accomplishment of goals. In addition to efficiently meeting the needs of their followers through rewards, a great leader inspires radical change and has a significant impact on people, communities, and organizations. Furthermore, the leadership and job satisfaction of an organization's workforce are critical to its overall effectiveness.

The study's regression analysis revealed a positive and significant correlation between the four leadership behaviors (directive, supporting, participative, and achievement-oriented) and employee job satisfaction (the dependent variable).

Overall employee work satisfaction, according to the descriptive analysis portion of the survey, is lower than average, with a mean of 2.29 and a standard deviation of 0.92 (minimum standard deviation (less than 1)), which is less than the average value of 2.5 on a five-point Likert scale. Thus, the impact that leadership behavior on employees' job satisfaction in CBO is found to be low.

The result of the regression analysis, therefore, supported the three hypothesis except for hypothesis 1, which stated that "directive leadership behavior has significant and positive effect on employee job satisfaction" but the result shows that there is no significant and has is negative effect on employee satisfaction. However the rest of the study hypothesis are fully supported

Currently, directive LB is the most common kind of leadership behavior in CBO. All four of the leadership behavior directive, supportive, participative, and achievement-oriented have a major impact on CBO employees' job satisfaction. Nonetheless, employees' job satisfaction is negatively impacted by directive leadership behavior; that is, when a leader adopts a more directive leadership behavior employees at CBO become less content with their jobs. Conversely though, the three leadership behaviors supportive, participative, and achievement-oriented, significantly and positively impact job satisfaction in CBO.

This study shall help CBO and other similar organizations to recognize the effect of LB on employee job satisfaction. And can give bank executives insightful information about how their leadership is viewed by staff members and how that perception influences how satisfied they are with their jobs.

The conclusion of this study applies only for the selected branches of CBO.

5.3 Recommendation

The most valuable resource in a corporation is its workforce. Therefore, in order to guide and inspire their workforce to accomplish daily tasks and meet organizational objectives, businesses require competent leaders.

Based on the study's findings and conclusion gathered from the research about the effect of leadership behavior on employee job satisfaction in CBO, the below recommendation are proposed:

- Due to the fact that directive leadership behavior has a insignificant and negative effect on job satisfaction the management of CBO is recommended to rather they should focus on developing more supportive, participative, and achievement-oriented leadership behavior:

This includes offering support, involving employees in decision-making, setting clear goals, providing training, and gathering feedback to foster a positive work environment and enhance employee satisfaction.

- Leaders should make sure that subordinates are involved in decision-making processes: To involve subordinates in decision-making CBO should identify decisions for input, create an open environment, solicit and discuss ideas, evaluate options together. Empower with authority and support, communicate decisions clearly, recognize contributions and continuously improve the process.
- The bank must periodically poll employees about their job satisfaction and address any areas that require improvement: by administering survey, analyze results, develop action plans, implement improvements, monitor progress and communicate results.
- CBO should make efforts to improve its leadership behavior/style as this will lead to higher level job satisfaction amongst subordinates and accelerating organization's effectiveness
- Leaders should be able to estimate and improve on their employees' level of job satisfaction by assessing their leadership behaviors towards the leader-follower relationship before implementation
- Leaders should prioritize inspiring and motivating subordinates by exhibiting confident conduct, projecting optimism for the future, expressing a future vision, and granting autonomy over one's work. It was discovered that these traits were connected to job satisfaction.
- Moreover, leaders should emphasize intellectual stimulation, finding out multiple viewpoints when addressing issues, instilling a sense of pride in staff members, and taking the implications for morality and ethics of actions into consideration.

- In addition, supervisors must adopt a leadership behavior that complements the workplace culture of their staff members.

5.4 Suggestion for further study

Future studies on leadership behavior and employee job satisfaction should broaden their scope by exploring additional factors. Based on previous studies result directive leadership have a significant and positive effect on employee job satisfaction. But the finding of this research disagrees with the previous studies. Therefore its recommended for additional investigation in the future. Also data is collected from CBO's limited branches that are in Addis Ababa only, therefore generalizability is limited. Separate further study by collecting data from other branches of CBO and other banks is supported. .

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APPENDIX

Appendix I- Questionnaires for Employees



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
MASTER'S OF ART IN BUSINESS LEADERSHIP

Dear Respondents:

I would like to express my earnest appreciation for your generous time, honest and prompt response.

The main purpose of this questionnaire is to collect data which will be helpful in research work titled **the effect of leadership behavior on employees' job satisfaction in Cooperative Bank of Oromia: The case of Addis Ababa city Administration**. As a member of CBO, your participation in this study will be valuable and greatly appreciated.

I want to assure you that this research is only for academic purpose. No other person will have access to the data collected. That is, the secrecy of the information you provide is strictly protected.

SECTION ONE: DEMOGRAPHIC PROFILE

INSTRUCTION: this part of the questionnaire asks your personal and job-related information. Please respond to each question by circling the choice that represents your personal profile

- 1. Sex: 1) Male 2) Female
- 2. Age: 1)20-25 2) 26-30 3) 31- 40 4) 41-50 5) Above 50
- 3. Marital Status: 1) Single 2) Married 3) Divorced 4) Widowed
- 4. Qualification: 1) Diploma 2) 1st Degree 3) Masters 4) PhD
- 5. Total years of experience in Cooperative Bank of Oromia in years :
 1)1-5 2) 6-10 3) 11-15 4) above 15 years

SECTION TWO: MEASUREMENT FOR LEADERSHIP BEHAVIOUR

INSTRUCTION: this leadership behavior related question intended to measure your perception of leaders behavior in four dimension such as directive, supportive, participative, and achievement oriented. Please make a „√’ mark on your response to each statement according to the five-point scale labeled at each statement

5= Strongly Agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

Leadership related Questions	5	4	3	2	1
Directive LB					
6.My supervisor gives vague explanation of what is expected of subordinates on the job					
7.My supervisor inform subordinate about what needs to be done and how it needs to be done					
8.My supervisor ask subordinates to follow standard rules and regulations					

9. My supervisor focuses his attention on mistakes irregularities and deviation from standards					
10. My supervisor shows too little interest in feelings of subordinates					
Supportive LB					
11. My supervisor maintain a friendly working relationship with subordinate					
12. My supervisor do little things to make it pleasant to be a member of the group					
13. My supervisor say things that hurt subordinates' personal feelings					
14. My supervisor help subordinates overcome problems that stop them from carrying out their tasks					
15. My supervisor asks for my vision regarding my job and allows me to use it when he believes it is appropriate					
16. My supervisor behave in manner that is thoughtful of subordinates' personal need					
17. My supervisor encourages my carrier development by facilitating for training and the like					
Participative LB					
18. My supervisor consult with subordinates when facing a problem					
19. My supervisor listen openly to subordinates' ideas and suggestions					
20. My supervisor act without consulting subordinates					
21. My supervisor invites me in planning activity of my job					
22. My supervisor ask subordinates for suggestions on what assignments should be made and how to carry out Achievement oriented leader assignment					
Achievement-oriented LB					
23. My supervisor let subordinates know that what is expected of them to perform at their highest level					

24. My supervisor encourage continual improvement in subordinates' performance					
25. My supervisor show that he/she have doubts about subordinates' ability to meet most objectives					
26. My supervisor consistently set challenging goals for subordinates to attain					
27. My immediate supervisor believes that I know how to use creativity and ingenuity to solve organizational problems					

SECTION THREE: MEASUREMENT FOR JOB SATISFACTION

INSTRUCTION: this job satisfaction measurement is intended to measure your perception of organizational job satisfaction (both intrinsic and extrinsic). Please indicate your level of agreement with each statement by marking „√' your response on the five-point scale that is labelled at each statement.

5= Strongly Agree 4= Agree 3 = Neutral 2= Disagree 1= Strongly Disagree

Job Satisfaction (intrinsic and extrinsic)	5	4	3	2	1
28. I am happy with the kind of work I do because it gives me the chance to succeed					
29. working at my job gives me the opportunity to use my skills					
30. I have a strong sense of responsibility for my work because I am making a positive difference in people's lives					
31. my job gives me the chance to try out different approaches of my own to complete the work					
32. The type of work I do gives me opportunities to grow personally					
33. I am happy with the salary I get					
34. I am happy with the fringe benefits such as medical expense, education fee coverage, etc.					

35. Salary increment and Promotions are satisfactory					
36.I am happy with my job security					
37. Management is concerned about employees wellbeing					
38.I am happy with how my supervisor treats his or her employees					
39.I am pleased with my supervisors' decision making ability					
40.I am happy with the recognition I receive for my hard work					
41.There is chance for outside training					
42.There is a possibility of internal training					
43.I am content with my interaction with my colleagues					