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**THE EFFECT OF LEADERSHIP STYLE ON ORGANIZATIONAL
CHANGE MANAGEMENT:
THE CASE OF DASHEN BANK S.C.**

BY: MASRESHA MULAT

JUNE 2021

ADDIS ABABA, ETHIOPIA



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**THE EFFECT OF LEADERSHIP STYLE ON ORGANIZATIONAL CHANGE
MANAGEMENT: THE CASE OF DASHEN BANK S.C.**

BY: MASRESHA MULAT

**A RESEARCH PROJECT WORK SUBMITTED TO OFFICE OF THE GRADUATE
STUDIES OF THE ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE IN
PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF
MASTERS IN BUSINESS LEADERSHIP**

ADVISOR: WORKU MEKONNEN (PHD)

JUNE 2021

ADDIS ABABA, ETHIOPIA

Student's Declaration Sheet

I, Masresha Mulat, hereby declare that this research project entitled: **The Effect of Leadership Style On Organizational Change Management: The Case of Dashen Bank S.C.**, submitted by me for the award of a Master's Degree in Business Leadership, is my original work and has not been presented for the award of any other degree, diploma, fellowship or any other similar titles by any other university or institutions.

Masresha Mulat

Declared By

Signature

June 2021

Date

Advisor's Approval Sheet

This is to certify that Masresha Mulat has carried out his research work on the topic entitled “**The Effect of Leadership Style On Organizational Change Management: The Case of Dashen Bank S.C.**” is his original work and is suitable for submission for the award of a Master's Degree in Business Leadership.

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**Addis Ababa University School of
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Board of Examination Sheet

**THE EFFECT OF LEADERSHIP STYLES ON ORGANIZATIONAL
CHANGE MANAGEMENT: THE CASE OF DASHEN BANK S.C.**

BY MASRESHA MULAT

Approved by the Board of Examiners:

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External Examiner	Signature	Date

Acknowledgement

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Abstract

In this study, the effect of leadership style on organizational change management was explored in the case of Dashen Bank. Through an exhaustive literature review, the author learned that the leadership style is one of the leading factors in managing change in the organizations. However, there is controversy about the key leadership style for establishing change in the organization. This research project is aimed at finding out the effect of leadership styles on change management and the dominant predicting leadership style in the case bank, with a view to enhancing the practice of appropriate leadership and change management. The study used a descriptive and exploratory research design and used both convenience sampling and proportional stratified random sampling for interviews and questionnaires respectively. The target population of the study was 2084 and the sample size collected via questionnaires for further analysis was 252. The research also included the interview results of 6 senior managers of the bank. The qualitative data was analyzed using content analysis and the data obtained through the questionnaires was analyzed using SPSS version 21. The association between the independent variables (Transformational, Transactional, Authoritarian, and Laissez faire leadership styles) and dependent variable (Change management) was established using regression analysis, and descriptive statistics were utilized to substantiate it. The study's findings demonstrated that the bank used a variety of leadership styles to achieve its change objectives. The result of the regression showed that $R^2 = 0.562$, meaning 56.2% of the changes in dependent variables are explained by the independent variables. The study revealed that the transformational leadership style had a dominant positive and significant effect on change management followed by the transactional and Autocratic leadership styles. However, the study found out that Laissez-faire leadership had a positive and insignificant effect on change management. As the strength of the organization dwells much on the transformational style of leadership, the study recommended that the bank's management apply more of that and blend it with other leadership styles as needed in order to successfully manage change.

Key words: *Transformational leadership, Transactional leadership, Autocratic leadership, Laissez faire leadership, Change management.*

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List of Acronyms and abbreviations

A	Agree
DB	Dashen Bank S. C.
D	Disagree
N	Neutral
PT1	Interview participant 1
SA	Strongly Agree
SD	Strongly Disagree
St.dev	Standard Deviation

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CHAPTE ONE

INRODUCTION

This chapter discusses the study's background, problem statement, research objective, and research questions. It also includes a justification for the investigation, as well as the scope and limitations of the study.

1.1. Background of the Study

In today's dynamic environment, a company's success depends on its ability to adapt to any form of change (Čater, Lang, & Szabo, 2013). Organizations that are unable to adapt to change will not be able to survive and compete for long. Organizational change has a number of major advantages, including increased financial performance, increased competitiveness, competent employees and customers' happiness, and it leads to organizational progress and sustainability (Mwangi, 2015). These are some of the advantages that a company gains from embracing appreciative change, and it is the job of the leader to guide this change (Rothfelder, Ottenbacher & Harrington, 2012).

According to Schneider & Schröder (2012), change can lead to an organization's ability to fulfill future needs and deal with challenging market scenarios. Similarly, Cameron (2011) asserts the need for change management, he defines it as "the systematic strategy and process by which change is handled inside an organization". Furthermore, he stated if the leaders fail to manage the change correctly and timely, organizational failure is inevitable. Hence, managers should adopt leadership styles that enhance the achievement of the change, while a company is undergoing a transition (Limbare, 2012). Leaders should act as role models for their staff, demonstrating behaviors that inspire others to adopt the necessary attitudes in light of the shift or change. Though leaders are the prerequisite for effective change management, studies have constantly indicated that more than half of change efforts fail (Hassan, 2019).

In this regard although there is a growing body of literature investigating leadership styles, scholars have distinguished that academic research is behind practitioner developments, and this is primarily remarkable with respect to the effect of leadership styles on organizational change management in business areas, particularly in Africa.

In the business area, the Ethiopian banking industry is undergoing fierce competition. Due to that, change is becoming the norm of the industry. If the issues of change are raised, the leadership, which is the motor to operationalize and manage change, is simultaneously raised. Despite the fact that the relationship between leadership style and change management practice in Ethiopia in general and in the banking industry in particular, are issues that have not been exhaustively assessed through empirical research. Similarly, though Dashen bank introduced frequent changes based on dynamic market analysis, the effect of the leadership style on change management has not been assessed so far.

Hence, this study focused on identification of the effect of each leadership style on change management and the dominant predictor leadership style the case of Dashen bank S.co. Therefore, with this objective, the leadership styles reviewed include transformational leadership, laissez-faire leadership, transactional leadership, and authoritarian leadership.

1.2. Background of the Organization

Dashen Bank was established by eleven shareholders with a paid-up capital of Birr 14.9 million in 1996 and now has an asset base of over ETB 34.6 billion. Head quartered in Addis Ababa, the bank is one of the largest private banks in Ethiopia. As of February 2021, it was operating with 6367 employees, a network of 436 branches, 10 dedicated forex bureaus, 400 ATMs, and over 1200 point-of-sale (POS) terminals spread across the country. Dashen Bank maintains correspondent banking relationships with over 464 banks in 70 countries and 169 cities across the world (24th Annual report for the year ended June 30, 2020).

Dashen Bank offers a full range of products and services, ranging from savings, current and fixed-term deposit accounts to trade finance, international banking services, domestic banking services, e-banking services, fund transfer, credit services, and interest-free banking services. Its loans and advances portfolio includes clients from corporate to individuals engaged in various sectors, covering agriculture, manufacturing, trade & services, building & construction, and transport, amongst others. Following the review of the bank's business and operating models, Dashen Bank articulated its strategic aspirations alongside its strategic corporate statements:

Vision statement: "To be the best-in-class bank in Africa." ***Mission statement:*** "To provide efficient customer-centric banking service using the expertise of inspired professionals and

cutting-edge technology, while creating sustainable value for our stakeholders." And the *core values* which represent what the bank and its people believe in and stand for are: Customer Centricity, Diversity, Integrity, Professionalism, Social responsibility, and Teamwork.

1.3. Statements of the problem

Today's business trends are changing at a breakneck pace around the world, and firms who do not adapt will perish (Hage, 1999). Several studies, on the other hand, have demonstrated that many organizations have found change to be extremely difficult (Shiva & Suar, 2012). Similarly, Hassan indicated that 'between 50% and 70% of planned change efforts fail (Hassan, 2019). Hence, organizations are now under pressure from both internal and external sources, which is making change unavoidable. Organizations are constantly under pressure to balance these influences (Senior & Fleming, 2006). This is because organizations have diverse natures, engage in different businesses, and have different values, behaviours, management, and attitudes of employees (Karakas & Sarigollu, 2012).

There are a multitude of factors affecting the change management effectiveness of the organizations. Amongst these, leadership is the prime one. Leaders in organizations have a vital role in cultivating and shaping the organization. By the same token, efficient and effective organizational change management demands highly competent leadership that is alert to sense environmental dynamics and able to design the organization's direction and address the issue of organizational change in the most appropriate way. As leaders in organizations are recognized as "Champions of Change," it is, therefore, the responsibility of top management of any organization to keep the process of change on going in order to sustain the performance of the organization (Nadler, D., & Nadler, 1998).

Although there have been a number of research on the impact of leadership styles on organizational performance, engagement, and organizational commitment, so far, no specific study has been found on how leadership styles affect change management in the banking industry of Ethiopia. On top of that, in today's dynamic environment, a deeper understanding of effective leadership in certain situations is critical (Northouse, 2007).

Dashen bank is one of the vanguard private banks in the Ethiopian banking industry. It has made a number of changes as a result of a thorough examination of market, customer, regulatory change, and other essential change triggering factors. However, no one has looked into how these changes have been managed thus far. To be more explicit, while organizational change management may be evaluated from a variety of angles, the missing research ingredient comes from the standpoint of leadership style, which is missing both at the industry and case bank levels. In addition, strange behavioural symptoms were observed in the employee engagement level as a result of the semi-radical change carried out prior to the triple year. Furthermore, the case company's leadership style and philosophy are not clearly known, making it difficult to govern the leadership issues and, as a result, the leaders' development package.

Therefore, the purpose of this study was to address a research vacuum by examining the impact of leadership styles on change management at Dashen Bank. The investigation's findings expected to improve the bank's productivity and efficiency.

1.4. Research Questions

The study posed the following research questions in order to systematically address the stated problem.

1. What is the dominant leadership style in the change management practice of Dashen Bank?
2. What is the relationship between leadership styles and change management in the case bank?
3. To what extent do leadership styles influence organizational change management effectiveness in case bank?

1.5. Objectives of the Study

1.5.1. General Objective

The study's overall objective was to determine the impact of leadership styles on Dashen Bank's change management so as to improve the organization's change effectiveness.

1.5.2. Specific Objectives

The specific objectives of the study were:

1. To assess the leadership styles and change management practice of the bank.
2. To investigate the relationship between leadership styles and organizational change management.
3. To examine the effect of leadership styles on organizational change management.

1.6. Significance of the Study

The goal of the study was to add to the current body of knowledge in the field of leadership style and change management. Furthermore, the study was up-to-date, which benefits in enhancing the knowledge of how leadership styles affect change management in the context of Dashen bank. The study's main contributions and significance were as follows:

The study's goal was to fill in the gaps in the empirical literature on leadership and change management;

- ◆ The study was designed to give industry players meaningful insight into how to effectively manage change.
- ◆ It was supposed to be a good indicator for decision-makers to see if there was a disconnect between the intended leadership style and the bank's current practice.
- ◆ It was intended to serve as a resource for other leadership studies;

1.7. Scope of the study

The study's scope was limited to evaluating the leadership style used at DB and its effect on organizational change management in the case company by confining its scope to the head office and Addis Ababa District offices and didn't go any further than the Dashen bank. Therefore, the findings did not indicate other organizations.

The four independent variables were Transformational, Laissez-faire, Transactional, and Autocratic styles of leadership, and the dependent variable was Change management. Due to a lack of time to perform the research, this study was confined to the mentioned styles in the case bank.

1.8. Limitation of the study

When conducting the study, I experienced difficulties in collecting responses on time. However, the challenge was reduced through frequent reminders from the researcher side. Accordingly, the number of non-returnable surveys was considerably reduced as a result of this.

The findings of the study were restricted to a limited sample size of 252 respondents who were based in Addis Ababa city within the organization. As a result, direct extrapolation of the findings to other contexts should be approached with caution. Another study constraint was a lack of relevant empirical literature, notably in the banking business.

1.9. Definition of Key Terms

- ◆ Authoritarian leadership is the type of leadership style where the head of the organization takes control of all decisions and commands processes and tasks for the organization.
- ◆ Change management is the application of systematic procedures to ensure that an organization's change is steered in the intended direction, carried out in a cost-effective manner, and completed on schedule and with the expected outcomes.
- ◆ Laissez-faire leadership is the type of leadership style characterized by an inactive leader who is less concerned with motivating subordinates to achieve certain objectives.
- ◆ The Leadership Style in this study refers to the approach taken by leaders to create competence and achieve organizational goals..
- ◆ Transactional leadership is a style of leadership that entails a series of activities involving an exchange of return between followers and the leader, as well as dealing with everyday duties.
- ◆ Transformational leadership is the characteristic or style where the leader inspires subordinates to do more than focus on their own personal principles and provide recommendations for aligning their values with the organizations.

1.10. Organization of the Paper

The paper is divided into five chapters. The first section contains is introduction that includes the study's background, statement of problem, research questions, aims, importance, scope, and limitations.

The second chapter provides a theoretical and empirical assessment of the literature on leadership styles and change management. The research methodology is presented in chapter three; data presentation, analysis, and interpretation are presented in chapter four; and the summary, conclusion, and suggestions are presented in chapter five.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The primary goal of this chapter is to gain a theoretical and empirical grasp of the concept of leadership style and change management. It did so by reviewing literature that had been evaluated by many academics and researchers in various studies to help explain the dependent variable of change management and the independent variable of leadership styles.

2.1. Theoretical Literature

2.1.1. Concepts of Leadership

Many academics and authors have defined leadership in various situations. According to Burns (1978), leadership is one of the world's most well-known yet little-understood phenomena. A leader is a change agent who can take initiative and bring change to an organization (Senior and Fleming 2006). Similarly, Hassen also, by referring to Mullins, stated a leader as someone who delegates or influences others to act in a certain way in order to achieve specific goals (Hassen, 2019). Likewise, according to Bunmi's opinion, leadership is a social influence process in which a leader seeks out subordinates' voluntary engagement in order to achieve corporate objectives (Bunmi, 2007). Furthermore, Page et al. (2019) define leadership as the art of identifying elements that motivate a team and using these elements to define a path that the team can follow to make measurable progress. They articulate, "A leader inspires others to act while simultaneously directing the way that they act. They must be personable enough for others to follow their orders, and they must have the critical thinking skills to know the best way to use the resources at an organization's disposal".

2.1.2. Theories of Leadership

There are numerous theoretical approaches to explaining the leadership process, according to a review of scholarly literature on the subject. Some scholars view leadership as a personality trait or a behavior, while others examine it through the lens of information processing or interpersonal connections (Peter & Northouse, 2016). Some of the basic leadership theories are great man and trait theories, behavioral theory, and contingency theory reviewed.

2.1.2.1. Great Man and Trait Theories

The Great Man approach aimed to find the characteristics that distinguished leaders from those who were not (Richard, 2008). According to Richard, the theory acknowledges the concept that leaders are born with heroic leadership attributes and natural powers of authority and influence. The idea that some people are born with attributes that make them natural leaders was central to this thought. On the strength of inherited traits, qualities, and abilities, leadership was conceived as a single "Great Man" who put everything together and inspired others to follow along.

Similarly, Bass stated that trait theory concentrated on determining the specific traits that clearly differentiated leaders from followers (Bass, 1990). Leaders have particular traits or characteristics, such as intelligence or energy that distinguish them from non-leaders and contribute to success (Richard, 2008).

Kirkpatrick and Locke also claimed that "it is unmistakably obvious that leaders are not like other people." They proposed that non-leaders and leaders differ in six characteristics: drive, motivation, integrity, confidence, cognitive ability, and task understanding (Kirkpatrick & Locke 1991). Hence, they argue that leadership traits distinguish certain people from others, and that this distinction should be acknowledged as an important component of the leadership process.

On the contrary, Richard, by referring to Stogdill (1948), stated that there are a number of traits that appear to be associated with effective leadership. However, the value of a given trait is often dependent on the organizational situation (Richard, 2008). As a result, he mentioned that having specific personality traits is no guarantee of success.

2.1.2.2. Behavior Theories

The behavioural approach focuses exclusively on what leaders do and how they act (Peter & Northouse, 2016). The behavioural approach, rather than focusing on an individual's personal traits, asserts that anyone who exhibits appropriate conduct may be an effective leader. Various researches were undertaken by Ohio, Michigan, and Texas state universities to discover the leadership behaviours that are significant in an organization's effectiveness. Accordingly, the

behavioural approach research culminated in two predominate types of leadership behaviours—people-oriented and task-oriented (Richard, 2008).

People-oriented and task-oriented behaviours are important because they capture fundamental, underlying aspects of human behaviour that must be considered for organizations to succeed. There is a popular perception that "high-high" leadership is preferable since the leader can address both needs at the same time. Despite the fact that "high-high" leadership is not the only effective style, experts have identified this type of leader as a possibility for success in a range of settings (Peter & Northouse, 2016).

Behavioural theories explain how leaders should act in order to effectively assist change inside the organization. To ensure that, once the leaders have inculcated the change, the employees do not reject it, the leader must exhibit the habit of being concerned with them (Grace, 2019).

2.1.2.3. Contingency Theories

The primary concept of contingency theory is that behavior that is effective in one situation may be ineffective in another. As a result, the efficacy of a leader's actions is dependent on the circumstances of the business. These theories describe the connection between leadership styles and situational effectiveness. A leadership style that works in one situation might not work in another, i.e. there is no one best way of leadership (Richard, 2008). There have been several models of situational leadership established. Some of the theories include the Fiedler contingency model, Hersey and Blanchard's situational theory, the path-goal theory, and the Vroom–Jago model of decision involvement.

A. Fiedler Contingency Model

As Grace reflects by referring to Rowold & Heinitz (2007), Fiedler was the first to propose the idea, which states that the situation is a variable that determines a leader's style (Grace, 2019). Fiedler's contingency model was created to help executives diagnose their own leadership style as well as their organization's circumstances (Richard, 2008). The model explains that a leader's effectiveness is determined by the situation. As Richard referred to Fiedler, leadership styles do not alter, and the efficacy of a leader is heavily dependent on the circumstances.

Fiedler described that the leaders can assess whether the situation is favourable to their style or not. Task-oriented leaders perform best in situations that are either very easy or very tough. On the contrary, relationship-oriented leaders do best in conditions that are intermediately favourable. The model, on the other hand, depicts the leadership situation in terms of three important components that can be conducive or non-conducive to a leader: the quality of leader–member relationships, task structure, and position authority (Richard, 2008). He concluded that task-oriented leaders are more effective when the situation is either highly favourable or highly unfavourable. Relationship-oriented leaders are more effective in situations of moderate favourability. Fiedler's research makes an essential contribution in that it goes beyond the concept of leadership styles to show how styles fit the situation (Laurence. et al, 1985).

B. Hersey and Blanchard's Situational Theory

This method focuses on the characteristics of followers as an important element of the situation, and consequently, on determining effective leader behaviour (Richard, 2008). According to (Peter &Northouse, 2016), leadership includes both a directive and a supportive component, and that each must be used effectively in each scenario. To identify what is required in a given situation, a leader must analyse followers' competence and commitment to achieving a specific goal. Based on the assumption that followers' skills and motivation vary over time, situational leadership suggests that leaders should change the degree to which they are directive or supportive to meet the changing needs of followers (Peter &Northouse, 2016).

The suitable style is determined by the level of preparation of the audience. Accordingly, Richard identifies four different leadership styles: telling, selling, participating, and delegating, based on followers' competence and commitment (Richard,2008).The essence of Hersey and Blanchard's situational theory is for the leader to diagnose a follower's readiness and choose a style that is appropriate for the level of preparedness, such as their education, abilities, experience, confidence, and work attitudes. Then it will be easy to manage the resistance and enhance employees' motivation so as to smoothly implement organizational change initiatives.

C. Path-Goal Theory

The path–goal theory is another contingency approach to leadership (Martin. G, 1970). The Path-goal model (PGM) is based on goal setting and expectancy theories of motivation (Grace,2019).This theory is a contingency leadership strategy in which the leader's role is to raise subordinate motivation by explaining the behaviours required for task completion and incentives (Richard, 2008). He explained that the leader increases follower motivation by either (1) clarifying the follower’s path to the rewards that are available or (2) increasing the rewards that the follower values and desires.

The leader's responsibility is to raise subordinates' personal payoffs for achieving goals and to make the paths to these payoffs apparent and easy to follow (Robert, 1971). Because this includes three sets of contingencies—leader style, followers and situation, and rewards to suit followers' needs—this concept is known as a contingency theory. Unlike the Fiedler theory, which assumes that when events change, new leaders emerge, the path–goal theory assumes that leaders modify their behaviour to fit the situation (M.G. Evans, 1974).

The path–goal theory suggests a fourfold classification of leader behaviours. These classifications are the types of behaviour a leader can adopt and include supportive, directive, achievement-oriented, and participative styles (Robert, 1974).

The path–goal theory's message is that by tailoring leadership behaviour to the context, greater employee effort is generated by either clarifying how subordinates can be rewarded or tailoring rewards to their requirements, thereby speeding up implementation of organizational objectives.

D. The Vroom-Jago Contingency Theory

This model focuses on the many levels of participative leadership and how each level of participation affects decision quality and accountability (Richard, 2008). A lot of contextual elements influence whether a participative or autocratic strategy will yield the best results.

As Barling and Hopton (2011) referred to by grace, the leader must use a leadership style that is suited for the situation at hand. They recommend five decision-making styles, each of which

necessitates a different level of participation from the workers. Developmental decisions and time-driven decisions are the foundations of these approaches (Grace, 2019).

According to Vroom and Jago (1988), there is no one-size-fits-all leadership style that can be used in all situations. Therefore, leaders must follow or establish a variety of answers that range from authoritarian to consultative. This model is very applicable, which means it advises the leader just how much subordinate participation to employ in making a specific decision (Vroom.V & Arthur.G, 1988).

The takeaway from the contingency theory is that leaders can choose a style that will maximize the likelihood of successful leadership results by identifying the characteristics of tasks, subordinates, and organizations. As a result, effective leadership requires the development of diagnostic abilities as well as the ability to adapt a leadership style to the right organizational context.

2.1.3. The Concept of Change and Change Management

The term "change" can be described as having multidimensional meanings. Change is unavoidable in companies, regardless of how strong and successful they have been (Flamholtz and Randle, 1998). This is because it is critical to organization growth in a competitive environment. To examine some of the subject matter writers' conceptualizations of change, According to Jones (2008), change is the process of improving organization performance via the transition of the organization from the existing condition to the intended future. Similarly, Hussain (2018) also describes it as an organization's extension from a current known state to an unknown desired future state. Furthermore, Warner Burke (2018) defined it as a structured process of modifying the company's culture via the use of research, behavioural science technology, and theory in the context of organizational development. Organizational change is an essential component of organizational strategy (Rieley and Clarkson, 2001). Hence, for organizations to realize their intended future, they need to have effective management of change.

Change management, according to Davis and Holland (2002), is the application of systematic procedures to ensure that an organization's change is steered in the intended direction, carried out in a cost-effective manner, and completed on schedule and with the expected outcomes.

Meanwhile, Nichols (2004) defined the term "managing change" as the process of implementing changes in a systematic and planned manner. Furthermore, Nelson and Aaron (2007) defined it as a disciplined framework for driving business results by changing behaviours. It comprises managing the impact of new business processes, organizational structure changes, and cultural shifts inside a company. The task at hand is to use effective strategies to anticipate and mitigate opposition (Frank and James, 2016). According to Frank and James, organizational change management (OCM) is a method for planning and implementing change that is linked with corporate strategy and considers both the organization and its people. It focuses on planning and implementing transactional change (quick, short-term change activities) in conjunction with or in addition to transformational change (deep, long-term fundamental change) to ensure the delivery of long-term organizational outcomes and benefits at the lowest possible cost and risk.

2.1.4. Models of Change Management

The difference between change that occurs in an organization and change that is planned by its members can be discerned. The nature of the latter change can be either intentional, resulting from a deliberate decision to change the organization (internal factors), whereas the former type of change is imposed on organizations at random, haphazardly, or unintentionally (externally driven). External forces are frequently used to impose it on organizations. As Christopher G. and Worley (2015) stated, Lewin's change model, action research model, and positive model are some types of planned change models, which are briefly reviewed hereunder.

2.1.4.1. Kurt Lewin's three-stage model

Kurt Lewin created one of the earliest models of planned change. As Thomas and Christopher (2015), stated, Lewin conceived change as a change in the factors that maintain a system's behavior steady. A specific collection of behaviors at any given time is the outcome of two opposing forces: those who seek to maintain the status quo and those who seek to change it. Current behaviors are maintained in a condition of "quasi-stationary equilibrium" when both sets of forces are about equal. Hence, he stated that to modify that state, one can increase the forces that are pushing for change, reduce the forces that are supporting the existing state, or use a combination of both. Furthermore, he claims that reducing pressures that sustain the status quo causes less tension and opposition than boosting forces for change, making it a more effective transition strategy.

According to Lewin, the change initiatives to bring about the desired new state should pass through the following three steps (Lewin, 1947):

1. Typically, this step entails lowering the forces that keep the organization's behavior at its current level. The process of "psychological disconfirmation" is occasionally used to unfreeze people. Members might be motivated to engage in change activities by introducing information that indicates gaps between behaviors desired by organization members and behaviors currently shown. This is the stage where duties like educating everyone to a common understanding, alerting others about the need for change, asking for thoughts and suggestions from others, planning and designating change leaders are executed. If the change is to be effective, change planning and consultation should begin well before the changes are to be implemented (Smith, 2006).
2. This stage can be thought of as a shock to the existing practice to get it to the desired state. At this phase, the organization elevates departments or individuals to a new level. Through changes in organizational structures and procedures, it entails interfering in the system to develop new behaviors, values, and attitudes.
3. This process stabilizes the organization into a new equilibrium condition. Supporting mechanisms that reinforce the new organizational state, such as organizational culture, rewards, and structures, are typically used to do this. This final stage ensures that the change does not revert to the previous issue condition and that it is permanent.

2.1.4.2. Kotter 8 Step Change Model

The other change management approach is the Kotter eight-step process. As Smirnova (2015), expressed, leadership skills are exceptionally essential. However, in order for a change application to be successful, there is a need for a great leader to follow a certain process. As a result, Kotter (2012) developed an eight- step processes that he considers organizations have to follow to manage change successfully:

- 1) Creating a sense of urgency through investigating the market and competitive reality, as well as recognizing and discussing crises, prospective crises, and huge opportunities.

- 2) Creating the guiding team: put together a group with enough power to lead the change; get the group to work together as a team.
- 3) Developing a vision and strategy: creating a vision to help direct the change effort; developing strategies to achieve the vision.
- 4) Communication: constant communication of the new vision and strategy through every source and every opportunity; having the guiding team role to model the behavior expected of employees.
- 5) Empowering: getting rid of obstacles; changing systems and structures that can undermine new visions; encouraging risk-taking, new ideas, activities, and actions.
- 6) Generating short-term wins: planning for visible improvements or wins; creating wins; clearly recognizing and rewarding people who made the wins possible.
- 7) Consolidating gains and producing more change: using increased authority to change all systems, structures, and policies that don't fit together or the new vision; hiring, promoting, and rewarding people who can implement the change vision; reinforcing the process with new project themes and change agents.
- 8) Make the change culture the norm: improve performance through customer- and productivity-focused behavior, better leadership, and more effective management; make and convey links between new behaviors and organizational success.

2.1.4.3. Action Research Model

The classic action research approach, according to Thomas and Christopher (2015), focuses on planned change as a cyclical process in which previous studies about the organization offer knowledge to drive subsequent action. The action's outcomes are then evaluated in order to provide further information that can be used to influence future actions, and so on. Prior to action planning and implementation, it lays a strong emphasis on data collection and diagnosis, as well as meticulous evaluation of results once action is performed. Action research has eight main steps:

- 1) **Problem identification.** This stage usually begins when a senior executive or someone with significant power and influence in the organization detects one or more problems that could be resolved.

- 2) **Consultation with a behavioral science expert.** The Organizational Development (OD) practitioner and the client evaluate each other at this level. The practitioner must be aware of his or her own normative, developmental theory or frame of reference, as well as the assumptions and values that underpin it. Sharing these with the client right away creates an open and collaborative environment.
- 3) **Data gathering and preliminary diagnosis.** This step is normally undertaken by the OD practitioner in collaboration with other members of the organization. It entails obtaining and evaluating relevant data in order to uncover the root causes of organizational issues.
- 4) **Feedback to a key client or group.** Provide feedback to a major client or group of clients. The diagnostic results are reported back to the client, usually in a group or work-team meeting, because action research is a collaborative endeavor. The feedback step, in which members are given the information acquired by the OD practitioner, aids them in determining the organization or unit's strengths and deficiencies.
- 5) **Joint diagnosis of the problem.** Members debate the comments and decide whether or not they wish to work on the identified issues with the OD practitioner at this point.
- 6) **Joint action planning.** Following that, the OD practitioner and the client members agree on the next steps to take. As the organization selects how to best approach a different quasi-stationary equilibrium (as specified in Lewin's change model), this is the start of the moving process (as described in Lewin's change model). At this point, the specific action to be performed is determined by the organization's culture, technology, and environment, as well as the problem's diagnosis and the intervention's time and cost.
- 7) **Action.** This stage entails the transition from one organizational state to the next. Installing new methods and procedures, restructuring structures and work designs, and reinforcing new behaviors are all possibilities. Such changes are rarely made instantly, but rather require a time of transition as the organization transitions from its current state to a desired future state.
- 8) **Data gathering after action.** Because action research is a cyclical process, data must be collected after the action has been done in order to measure and determine the action's impacts and feed the results back to the organization. As a result, a diagnosis and fresh action may be necessary.

2.1.4.4. The Positive Model or Appreciative Inquiry

The third model of planned change is the positive model, or appreciative inquiry (AI). According to Thomas and Christopher (2015), the positive model is the paradigm of deliberate transformation. The first two models are deficit-based, focusing on the organization's problems and how to solve them so that they can function more successfully. As they described, this model encourages broad participation from members in the creation of a shared vision for the organization's positive potential. This shared appreciation serves as a compelling and guiding image of the organizations' potential. According to Thomas and Christopher, AI, or the positive model of planned change, involves five phases:

1. **Initiate the inquiry.** The subject of change is determined in the first step. It motivates staffs to get involved so as to identify the core issues that they are most passionate within the organization. For example, instances of bank clients being thrilled (rather than dissatisfied). If the focus of inquiry is real and important to organization members, the change process will take on these positive characteristics.
2. **Inquire into best practices.** This phase entails obtaining information regarding the organizations' "best of what is." If the issue is organizational innovation, the interviews are conducted by members of the organization; they interview each other and share personal stories of innovation. These accounts are combined to generate a database that describes the company as a forward-thinking system.
3. **Discover the themes.** In this phase, members assess big and minor stories in order to explore themes that represent the commonalities of people's experiences. Themes regarding how management provided people with the flexibility to explore a new concept, for example, may appear in stories about innovation, and all of the underlying mechanisms that helped to develop the themes may be described. The themes serve as a foundation for progressing from "what is" to "what could be."
4. **Envision a preferred future.** In this phase, members then look into the themes that have been uncovered, questions the existing practices, envisages a bright future based on the organization's winning history, and creates the to be statements that link the current best practices to the ideal prospects for organizing the future.

5. **Design and deliver ways to create the future.** The final phase entails the creation and delivery of ways to create the future. It outlines the actions and develops the strategies required to achieve the goal. As they drive the organization toward the vision and sustain "what will be," members make changes; analyze the results, make required modifications, and so on. The process is carried on by ongoing discussions about the best of what exists.

2.2. Empirical Literature Review

Holten & Brenner (2015), conducted a study on leadership styles and the process of organizational change in two Danish organizations. The goal of the study was to identify factors that might contribute to people's favorable reactions to change. They found out that leadership styles which are transformational and transactional and followers' change appraisal become highly related, both directly and indirectly through manager engagement. The findings of research show that leadership styles and manager engagement are crucial in promoting such appraisals and consequently supporting positive processes and outcomes of change. The results revealed that transformational leadership has the potential to improve followers' favorable perceptions of change. The long-term and short-term positive consequences of managers' greater potential may help the entire transition process. Apart from that, understanding the role of managers in disseminating critical information, evaluating individual repercussions, and working actively and constructively toward change could be a worthwhile investment for firms in transition. As a result, a long-term focus on managers' capacity to conduct both transformational leadership and particular change engagement is required.

On the same theme, the study conducted by Ememe J. (2017), on Leadership Strategies for Managing Change in the Nigerian Banking Industry. The goal of this study was to learn about Nigerian bank leaders' real-life experiences regarding strategies and change management practices in the banking business. The data was gathered through document analysis and semi-structured interviews with 30 Nigerian banking practitioners who have experience of managing organizational change in the banking industry. Out of the 24 banks operating in the country, five were selected to participate. The participating banks had to meet a number of criteria, including having a capitalization of Naira 100 billion, being in business for at least 20 years, and undergoing tangible organizational reform or innovation in terms of structure, technology, business expansion, and so on. 6 respondents were chosen from each of the involved banks using purposive sampling.

The study used a qualitative phenomenological design to answer the research question. Thematic analysis discovered 8 strategies: improved staff training, effective communication, cultural reorientation, customer service quality, cost optimization, deployment of change champions, and transformational leadership style adoption. Furthermore, the study revealed a good number of banks are adopting the transformational leadership style and recommended the adoption of the transformational leadership style to create an enabling environment and to encourage subordinates to be involved in the day-to-day running of the organization.

Moreover, at Equity Bank Limited of Kenya, Achitsa, Y.A. (2013) conducted a study on leadership and management of strategic change. With the aim of enhancing the practice of leadership and management in the bank. The study design was a case study where the researcher interviewed the top management team drawn from the bank's management. The qualitative data was analyzed using content analysis. According to the findings, the most significant factor contributing to the success of change management at the bank was leadership. According to the findings of this study, several leadership styles were used in the business depending on the situation, in order to strengthen the need for change. However, the leadership style greatly adopted at the bank during the process of change was found to be a transformational leadership style. In line with this, the research found that the inclusion of staff in the bank's decision-making process made a significant majority of interviewees feel involved in the change management process.

Befekadu and Belayneh (2020), in their research, the link between leadership style, organizational change perceptions, and job satisfaction at the Ethiopian Electric Utility. A correlation research design was used to conduct the study. The study involved 40 leaders and 270 employees selected using proportionate stratified random sampling. The results show significant and positive correlations between transformational leadership style and organizational change perceptions, and between transactional leadership style and intrinsic and extrinsic job satisfaction. Furthermore, the transformational leadership style has emerged as the most powerful predictor of employees' perception of change. It was determined that the organization's executives should improve their leadership style in order to increase existing employees' perceptions of change and job happiness.

As reflected here above in the two literature sections, although there is a growing body of literature investigating leadership styles, academic research is behind practitioner developments, and this is primarily remarkable with respect to the effect of leadership styles on organizational change

management. Furthermore, although there have been a number of researches on the impact of leadership styles on organizational performance, engagement, and organizational commitment, so far, no specific study has been found on how leadership styles affect change management in the banking industry of Ethiopia. On top of that, in today's dynamic environment, a deeper understanding of effective leadership in certain situations is critical (Northouse, 2007).

2.3. Conceptual Framework

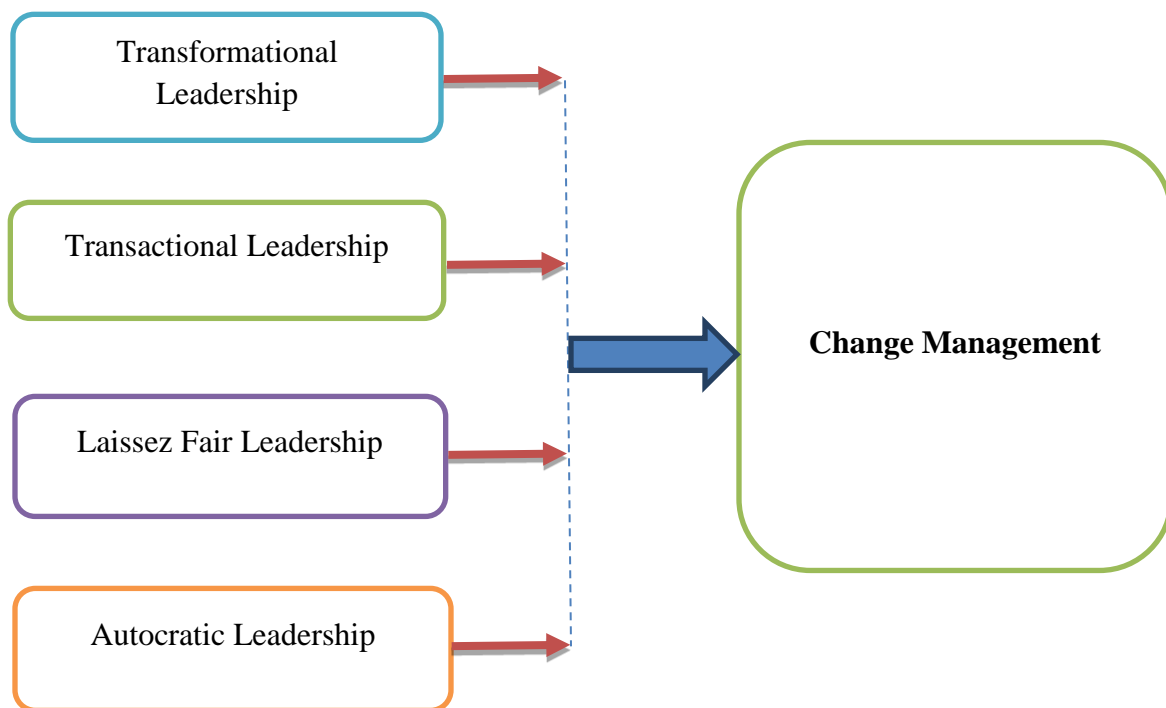
The link between the independent and dependent variables can be explained using a conceptual framework. This study's conceptual framework examines the effect of leadership styles on change management in the context of Dashen Bank. In this project, authoritarian, laissez faire, transactional, and transformational leadership were the independent variables. Whereas the dependent variable of this study is the change management practice of the case company.

2.3.1. Leadership Styles

Similar to the theory of leadership, leadership styles and approaches are defined in different literature in different ways. As Grace referred to Strand (2011), leadership style refers to the style used by leaders to create capability and achieve organizational goals. Similarly, according to Lawn (1939), a leadership style is a leader's typical behavior demonstrated in motivating, guiding, directing, and managing people. He classified leadership styles on the basis of how a person behaves while leading a group. Lawn's leadership styles are authoritarian (autocratic), participative (democratic), and delegate (laissez-faire). All leadership styles are not equally relevant in a specific context. As Hassen (2019) stated, the most noticeable leadership styles, particularly in business organizations, are transformational, transactional, Laissez-faire, servant, and authoritarian styles. When the right leadership styles are used in an organization, it leads to successful change management, which helps the company achieve its strategic goals.

Transformational Leadership style: Burns is credited with coining the term "transformational leadership" He contrasted it with "transactional leadership" (Burns, 1978). He suggested that transformational leadership occurs when one or more people interact with one another to develop mutual drive or motivation and morality, whereas transactional leadership occurs when one person engages with another with the intention of exchanging objects of value.

According to Bass’s (1985) model of leadership, out of the seven leadership factors, the first four are considered the components of transformational leadership. These factors include: Idealized influence (II)-These types of leaders serve as role models for followers and are admired, respected, and trusted. They are seen as possessing certain unique qualities. Inspirational motivation (IM)- Leaders motivate and inspire their followers by providing them with meaning and with challenging work experiences. Intellectual Stimulation (IS)-Leaders stimulate the thinking of their followers, encouraging innovation and creativity, and involving them in the solution of a variety of problems. Individualized Consideration (IC)-Transformational leaders seem to care about their followers, providing them with opportunities to grow personally and professionally, and acting as mentors or coaches. Hence, transformational leaders inspire their subordinates to do more than focus on their own personal principles and provide recommendations for aligning their values with the organization's (Petranker, 2010).



Source: Adopted from literature review

Figure 2.1: Conceptual Framework

Authoritarian leadership style: Both the University of Michigan and Ohio State University research identified this leadership style as a job - centred strategy (Boulter, 2010). This indicates

that the leader is determined on reaching the goal and will do anything to make it happen. The leader's actions are aimed at establishing control of the change process and ensuring that it runs smoothly and without errors (Dixon & Hart, 2010). The leader gives the workforce orders without much explanation or dialogue (Kim, 20). As Hassen describes the authoritarian style by referring to Ali (Hassen, 2019), it is the type of leadership where the head of the organization takes control of all decisions and commands processes and tasks for the organization.

This style of leadership has its own set of benefits and drawbacks. It has a number of advantages, including quick activity completion, which ensures that projects are completed quickly, and the leaders are hands-on in project execution (Levine, et al, 2013). It's a good approach to use when a group is at risk of failing to complete an activity on time or when dealing with a crisis (Pearce and Manz , 2011). This strategy is blameless for bringing about change in a short amount of time (Bhal & Dadhich, 2011). The disadvantage of the style is that it causes fragmentation among group members and discourages employees from using their own methods to complete an activity (Anwar & Haider, 2015).

Laissez-faire leadership style: This leadership style is characterized by an inactive leader who isn't concerned with motivating subordinates to achieve certain objectives (Giri & Santra, 2010). However, according to Yukl (2010), leaders encourage subordinate-centred attributes where they are left to make decisions. They also give their staff complete autonomy in making decisions regarding their tasks and how they will be carried out, but they are also responsible for supplying the resources they require (Hassen, 2019). The common attributes of this leadership style include: Delegating, fostering leadership abilities, rewarding triumphs, delivering constructive criticism, providing opportunities to solve problems and manage issues, and knowing when to step in and lead during a crisis are all typical characteristics of this leadership style.

According to Edwards & Gills (2012), this leadership style is ineffectual in managing change because no change can be achieved without the input of leaders, who then provide direction to companies.

Transactional leadership style: Transactional leadership is a practice that involves the exchange of values between followers and leaders and dealing with daily chores (Bass, 1990). According to

Burn (1978), transactional leadership occurs when one person interacts with another for the purpose of exchanging things of value. The leader defines performance requirements and clarifies the parameters under which incentives are available.

The transactional leader, according to Pieterse et al (2010), is the person who creates a vision, sells it to the workforce, and then leads the team to realize that vision. They argue that success is decided by the leader's ability to exert sufficient power and influence over the employees to ensure that they carry out the tasks assigned to them. In line with this, transactional leaders, according to Kuppelwieser (2011), are basically intended to maintain the existing practices of their respective organizations. Active management by exception, contingent incentives, and passive management by exception are three unique processes that aid in the influence of employees in transactional leadership (Harold, 2011).

2.3.2. Change Management

Change and managing change is a big challenge for corporate organizations today, regardless of their objectives. This is because businesses operate in a fast-paced environment. Change is unavoidable in companies, regardless of how strong and successful they have been, because it is critical to organization growth in a competitive environment (Flamholtz and Randle, 1998). According to Jones (2008), change is the process by which organizations enhance their performance by moving from their status quo to a desired future one. Organizational change is an essential component of organizational strategy (Rieley and Clarkson, 2001). Hence, for organizations to realize the intended future, they need to have effective management of change.

Change management, according to Davis and Holland (2002), is the application of systematic procedures to ensure that an organization's change is steered in the intended direction, carried out in a cost-effective manner, and completed on schedule and with the expected outcomes. Meanwhile, Nichols (2004) defined the term "managing change" as the process of implementing changes in a systematic and planned manner. Furthermore, Nelson and Aaron (2007) defined it as a disciplined framework for driving business results by changing behaviours. It comprises managing the impact of new business processes, organizational structure changes, and cultural shifts inside a company.

Leadership is currently recognized as one of the most essential groups to total organizational performance and change by the majority of businesses. To bring about meaningful change, good leadership is always essential. According to Limbare (2012), while an organization is undergoing change, management should choose leadership styles that help the organization achieve its goals.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the methods employed in the study. It provides the research design, data gathering procedures, and data analysis methodologies used to achieve the research objectives.

3.2. Research Approach

A Research study can be conducted using a variety of research methodologies. Qualitative and quantitative techniques were compared and contrasted in terms of their strengths.

Qualitative research has a number of advantages and uses. It is highly adapted for explaining events as they are located and immersed in local contexts, according to Schwandt (2000), as referenced by Dahlan (2009). However, qualitative research has its own set of limitations. The findings are interpretive and subjective, and they are not usually generalizable due to the limited number of respondents (Sekaran, 2000).

Quantitative research, on the other hand, has its own advantages. The fact that it generates exact, quantifiable data from large survey sizes is one of its key advantages. Furthermore, the findings are reliable and may be applied to a wide range of groups (Maxwell and Delaney, 2004).

Mixed techniques are effective, according to Saunders, Lewis, and Thornhill (2009), it provide better opportunities to answer research questions and allow for evaluating the extent to which research findings may be believed.

Therefore, based on the strengths of qualitative and quantitative approaches and the objective of the research, this study employed mixed approaches in a complimentary manner. The quantitative method analyses variables, investigates relationships between variables, tests procedures, and investigates concerns about large groups of people using the appropriate method for the study problem. The qualitative method, on the other hand, was employed to study respondents' opinions in an explanatory manner.

3.3. Research Design

As Lavrakas (2008) defined, a research design is a broad plan or approach for conducting a study to investigate specific testable research questions. Similarly, according to Kothari (2010), research design is a master plan that describes the methods and procedures for gathering and interpreting the required data.

This research used descriptive and explanatory study design due to its appropriateness for the research questions. Descriptive is employed because, as Sekaran (2000) stated, descriptive study is appropriate for ascertaining and describing the characteristics of the variables of interest in a specific situation, rather than judging, the emphasis is on describing. Similarly, explanatory design method was chosen because it was the most appropriate for gathering first hand data from respondents measuring variables and explaining it in appropriate way. In addition to that, the design is used to discover the relationships between independent and dependent variables, leadership styles, and change management.

3.4. Target population and sampling Frame

3.4.1. Target Population

The target population for this study consisted of all Dashen Bank employees working within Addis Ababa city, both in the head office and districts. Furthermore, the employees are structurally categorized under three lines of business, which are the front, middle, and back offices. As of May 21, 2020 human resource director report, in total, the number of target population is 2084, which comprises of directors, district managers, middle managers, line managers, and professionals.

Table 3.1: Target Population of the study

Position	Total Number of employee	Line of business employees assigned		
		Front office	Middle office	Back office
Senior Directors	32	9	11	12
Middle Management	272	195	41	36
Line Management	275	163	87	25
Professionals	1505	989	339	177
Total number of employees	2084	1356	478	250

Source: Human Resource Department Dashen Bank S.C (May 21, 2021)

3.4.2. Sampling Frame

3.4.2.1. Sample Size

A sampling design is the selection of an appropriate sample to minimize the gap between the values obtained from the sample and the population (Dahlan, 2009). Accordingly, the sampling is calculated using Slovin's formula adapted from (Stephanie, 2020). The sample size with a degree of precision of 0.05 and a 95 percent confidence level is given by

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

$$n = \frac{2084}{1 + 2084(0.05)^2}$$

$$335.5 \approx 336$$

Where

N - The population size,

e - The level of precision (5%).

n - The sample size,

3.4.2.2. Sampling Technique

According to Saunders et al. (2009), stratified random sampling is a modification of random sampling in which the researcher divides the population into two or more relevant and significant strata based on one or more attributes. Hence, this study employed proportional stratified sampling as a sample technique. By taking the lines of business, employees were assigned to a stratum.

The number of participants selected from each stratum is described in the following table 3.2.

Table 3.2: Stratified sample size of the study

Job classification	Total No of employee	Total size of strata			Proportionate sample of the participant			Total sample size
		Front office	Middle office	Back office	Front office	Middle office	Back office	
Senior Directors	32	9	11	12	1	2	2	5
Middle Management	272	195	41	36	32	7	6	44
Line Management	275	163	87	25	26	14	4	44
Professionals	1505	989	339	177	159	54	29	242
Total number of	2084	1356	478	250	218	77	41	336

Source: Derived from DB human resource data (2021)

The formula for calculating the number of elements taken from each stratum, according to Kothari (2004), is

$$i = n \cdot p_i$$

$$p_i = \frac{\text{Strata}_i}{N}$$

N

Where

p_i = proportion of population included in stratum i

n = total sample size

N = total population size

i = number of items selected from stratum i

3.5. Sources of Data

The study largely depends on primary data, which is collected through the survey method by using a standard questionnaire that is arranged on a 5-point Likert scale, as well as interviewing management staff who have relevant experience in the bank. In addition to primary data, a variety of secondary data, including library sources (procedures, books, and articles) and information contained in the case bank Webpages were utilized.

3.6. Data Collection instrument

There are various instruments to collect data, which include interviews, questionnaire observation, and document review (Orodho, 2003). In this research, questionnaires and interviews were utilized to collect main data, while an examination of bank reports supplied secondary data.

3.6.1. Questionnaires

To obtain all the relevant information, the questionnaire was both structured and unstructured. The structured questionnaire is arranged in the form of a five-point scale. Because participants are given the same answers to each statement, a structured questionnaire allows all participants to respond to the identical questions, and it is an efficient technique for gathering responses from a large sample (Saunders, Lewis, & Thornhill, 2009). By the same token, unstructured questions were used to get supplementary information as the respondents had various backgrounds like experience and educational status. That is why the researcher chose a questionnaire as the main instrument to gather the data.

3.6.2. Interview

An interview is an oral administration of questions that provides an indebted inquiry to satisfy specified study aims and avoids confounding questions as the study's objectives are specific. Accordingly, semi-structured interviews were conducted with senior managers of the bank to supplement and compare the information gathered via questionnaires. Because interviews provide details on some specific areas of study, it was necessary to conduct interviews for this study.

3.6.3. Data Collection Procedure

Before commencement of the research and collection of data for the study, a document and literature review was conducted. The study's next step was to develop questionnaires. Next, before distributing the questionnaire to the respondents, the researcher plans to obtain a letter of collaboration from Addis Ababa University School of Commerce. Then, after gaining endorsement from the concerned body of the bank to distribute the questionnaire, it was disseminated to the respondents via different plat forms like outlook, on paper and Google form.

By the same token, an interview was arranged with six senior managers of the bank. The interviews were conducted at the bank, and the interviewees chose their own locations and times to make it

more comfortable for them. When conducting interviews, providing interviewees with information about the interview's contents ahead of time can improve both validity and dependability (Kristin, Caroline, Cecilia, & Sarah, 2009). As a result, questions were sent out before the interview session to ensure that they had all of the necessary knowledge and that they were prepared to answer inquiries.

3.7. Data Analysis and Presentation

Data analysis, according to Mugenda and Mugenda (2003), is the process of providing order, structure, and meaning to a large amount of data. Data analysis entails the interpretation and processing of information in order to generate responses to research questions. As a result, descriptive statistical approaches were employed to analyse the data and interpret the findings. The data was analysed using the Statistical Package for Social Sciences, version 21 and the findings were presented as percentages, frequencies, and tables and central tendency metrics like standard deviation and mean. On top of that, the study used multiple regression analysis to determine the relationships and to establish the amount to which the independent factors influence the dependent variables.

Similarly, following the interviews, the researcher read through the notes and developed a comprehensive, descriptive report that summarized the most significant and central aspects of the interview. Instead of writing the entire interview, the written material was subjected to interpretation and meaning condensation via content analysis.

3.8. Scale reliability and validity

3.8.1. Reliability of Instruments

According to Kothari (2004), reliability is the consistency of measurement. He noted that the more reliable a data collection instrument is, the more consistent the measure is. The consistency and stability of measurement in research instruments is referred to as reliability (Sekaran, 2003). The term consistency refers to how well the objects used to measure a notion fit together in a set. The internal reliability of each variable in the study was tested using Cronbach's alpha. The alpha values are within the range of 0 and 1. An alpha coefficient above 0.7 indicates that the instrument is trustworthy (Bryman, 2008).

The reliability tests for the Transformational, Transactional, and Autocratic and, laissez-faire leadership styles were found to be 0.926, 0.898, 0.718 and 0.888 respectively, while it was 0.890 for the independent variables (Leadership styles) in total. The reliability test for Organizational Change management (the dependent variable) also showed 0.803. The overall Cronbach Alpha for this study is 0.920. Hence, the reliability tests for all variables were between 0.70 and 0.90, which indicated high reliability. The alpha coefficient of 0.920 is simply high enough to consider the instrument reliable.

3.8.2. Validity

To ensure validity in this study project, face validity and content validity were emphasized in relation to the instrument. Consequently, the questionnaire was evaluated for accuracy by experts and the supervisor, who were assumed to be too critical and experienced in the research title within the bank, and survey questions were adopted based on previous empirical findings. In line with this, one of the critical prerequisite steps for analysing the research is data screening, since it verifies the legitimacy of the findings. Accordingly, screening was done during the data collection and encoding phase and verification of errors that might have occurred during entry was verified before proceeding with any further analysis. In addition to that, normality and multicollinearity tests were carried out.

Furthermore, pilot testing was conducted. Pilot testing the instrument allows for the identification of questions that respondents may have found unclear or uneasy to respond to. 22 questionnaires were sent out to the strata of the sample, and they were sent to participants in Addis Ababa city. Accordingly, before the questionnaires were sent to the rest of the respondents, they were corrected. The main study did not include the pilot group.

3.9. Model Specification

The research model for this study is Classical Linear Regression Model (CLRM) of OLS. As stated by Gujarati (2011), CLRM makes the following assumptions.

- i. The regression model is linear in the parameters; it may or may not Y and Xs, be linear in the variables.

- ii. The regressors are assumed to be fixed or non-stochastic in the sense that their values are fixed in repeated sampling.
- iii. Given the values of the X variables, the expected, or mean, value of the error term is zero.
- iv. The variance of each U_i , given the values of X, is constant, or homoscedastic.
- v. There are no perfect linear relationships among the X variables. This is the assumption of no multi-collinearity.

Under the assumed conditions, OLS estimators are BLUE: Best Linear Unbiased Estimators. This is the essence of the well-known Gauss–Markov theorem, which provides a theoretical justification for the method of least squares (Gujarati, 2011). Finally, the research conducted post-estimation (diagnostic) tests to verify whether the above CLRM assumptions are met or not.

The goal of this analysis was to know the level to which change management is determined by leadership styles by considering R square value, beta coefficient and P-value for the significance of the relation.

The multiple regression equation is: $y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where:

y = Change Management

α = Intercept of the regression line

β_1 – β_4 = parameters or coefficients of explanatory variables to be estimated

X_1 = Transformational Leadership Style

X_2 = Transactional Leadership Style

X_3 = Autocratic Leadership Style,

X_4 =Laissez-faire Leadership Style

ε = Error term of the model/ Residual

3.10. Ethical consideration

A covering letter was developed to define the goal of the research. The secrecy of the responses, completion instructions, confidentiality, and voluntary participation of respondents were clearly stated. The supervisor and their staff were given a questionnaire, and they were asked to fill it out in secret and submit it to the researcher.

CHAPTE FOUR

RESULTS AND DISCUSSION

4.1. Introduction

This chapter presents the findings, analysis and interpretation of the findings. The discussion of the findings of this study is also presented in relation to previous leadership and change management studies.

4.2. Response Rate

As described in the previous chapter, the sample size of the study was 336 staff of the bank. Based on the past experience of the researcher, the distributed number was 24 more than the sample size, for a total of 360 questioners. However, as shown in table 4.1, Out of the total sample size, the valid questionnaires collected and used for further analysis were 252 (75 percent).

Table 4.1. Response Rate of the study

Job classification	Questionnaires Issued				No of returned Response				Percentage
	Front office	Middle office	Back office	Total	Front office	Middle office	Back office	Total	
Senior	1	2	2	5	1	2	2	5	100%
Middle	32	7	6	45	21	4	5	30	67%
Line	26	14	4	44	21	8	4	33	75%
Professionals	159	54	29	242	109	49	26	184	76%
Total	218	77	41	336	152	63	37	252	75%

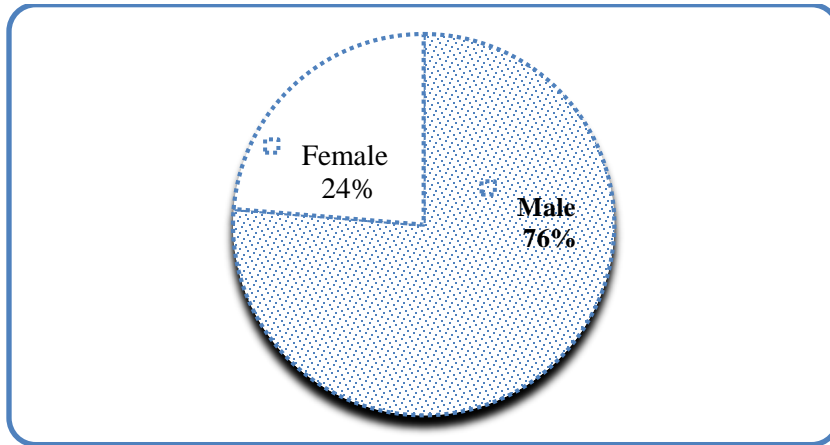
Source: Survey data (2021)

According to Bailey (1987), a response rate of 75 percent is considered valid. Similarly, Babbie (1990), asserts that a response rate of 50 percent is considered to be adequate. Hence, the response rate obtained by the study was 75%, which is sufficient to conduct the research.

4.3. Demographic Profile of the Respondents

This section provided demographic data such as sex, age group, educational qualification, work experience, position/job designation and line of business of employees.

4.3.1. Gender Distribution of the respondents



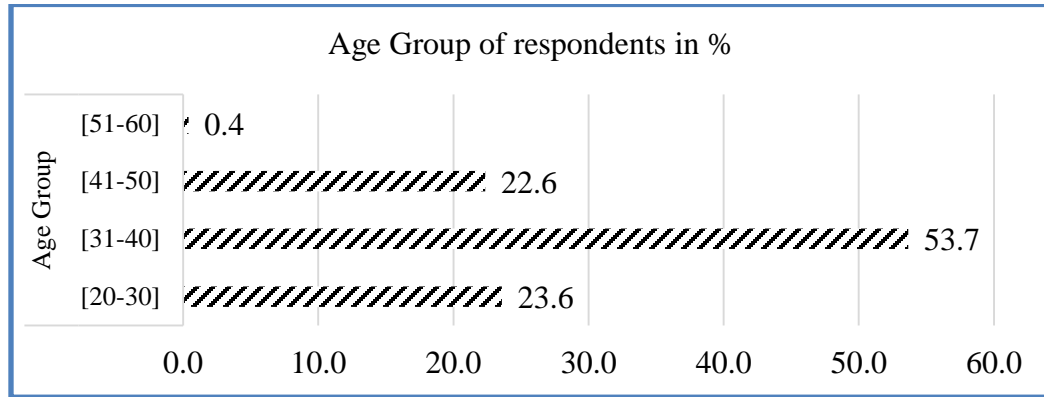
Source: Survey data (2021)

Figure 4.1. Gender distribution of respondents in %

As figure 4.1, shows regarding the gender distribution of respondents, the survey had a 24 percent female response rate and a 76 percent male response rate. This suggests that all genders were fairly represented in the study, relative to the ratio of female to male employed staff in the organization. Hence, the findings can be concluded to be free of gender bias.

4.3.2. Age Distribution of the respondents

Graph 4.1.in the following graph depicts the age distribution of the respondents. As the response



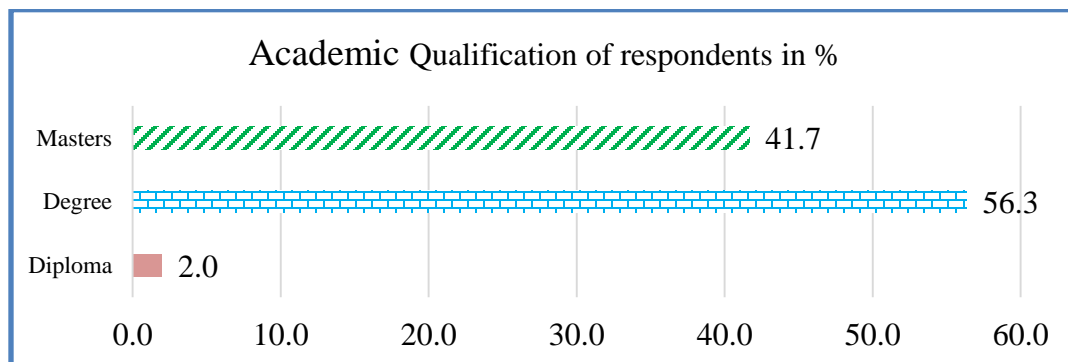
Source: survey data (2021)

Graph 4.1. Age distribution of the respondents

shows, 53.7 percent were between the ages of [31 and 40], 23.6 percent were between the ages of [20 and 30], and 22.6 percent were between the ages of [41 and 50] years old. This suggests that the sample is dominated by menials and followed by Gen X. However, the share of baby boomers and Gen Z are null and few respectively.

4.3.3. Academic Qualification

The study tried to determine the respondents' academic qualifications in order to better understand their qualifications and capacity to offer the information needed by the study.



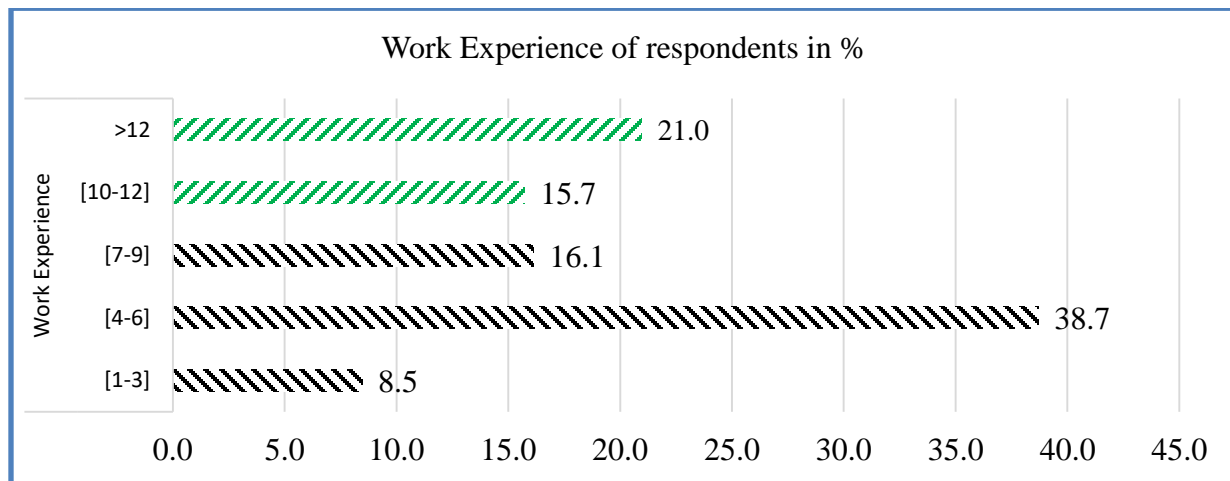
Source: Survey data (2021)

Graph 4.2. Academic qualification of respondents

Accordingly, as graph 4.2 depicts, the majority (56%) had a bachelor's degree as their greatest level of education, while around 42% had a master's degree, and 2% had diplomas.

4.3.4. Work Experience of Respondents

Similarly, respondents were asked about their job experience, as graph 4.3 shows, 96 (38.7%) replied they worked for the bank for 4 to 6 years, 52 (21%) replied they worked for more than 12 years, 40 (16.1%) replied they worked for 7-9 years, 39 (15.7%) replied they worked for 10 to 12 years, and the remaining 21 (8.5%) replied they worked for 1 to 3 years.



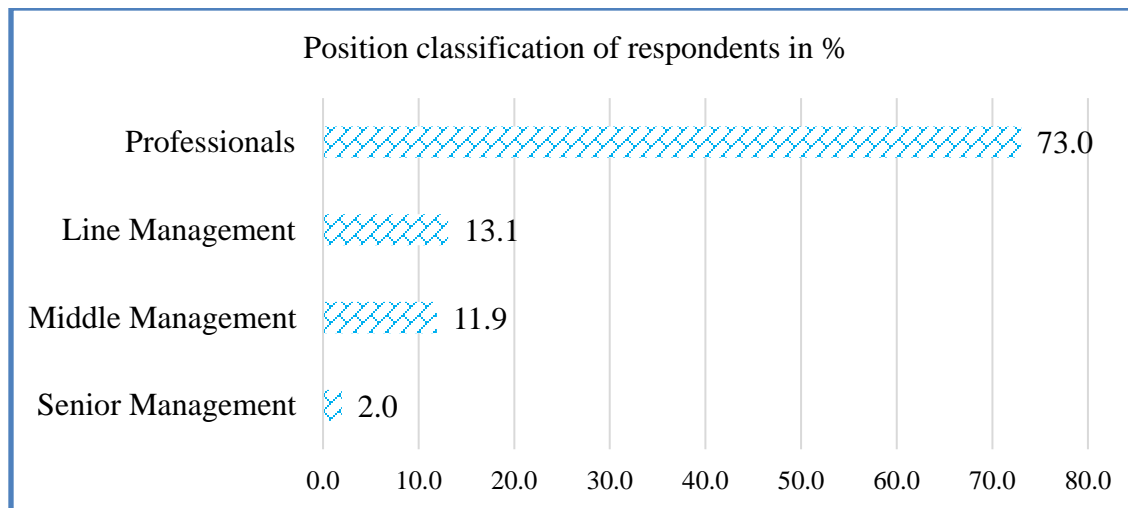
Source: Survey data (2021)

Graph 4.3. Work Experience of respondents in years

The result shows that most of the respondents have matured experience within the bank. Hence, they are in a good position to respond to the research variables with more understanding.

4.3.5. Position Classification

The survey went on to ascertain the respondent's job designation, and as graph 4.4 shows, the majority (73%) of the respondents' were professionals, 13.1% were line managers, 11.9% were middle managers, and 2% were senior managers. Hence, the response rate was represented by all hierarchies of the bank.

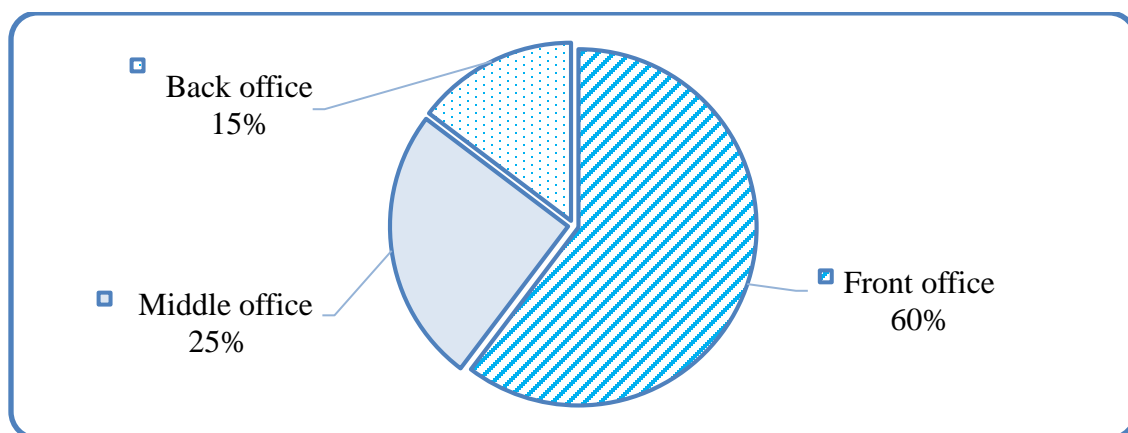


Source: Survey data (2021)

Graph 4.4. Position classification of respondents

4.3.6. Respondents Business Domain

Finally, in terms of working area assignment, as figure 4.2 shows, 60.3 percent of respondents worked in the front office, directly interacting with customers, 25 percent worked in the middle office, closely facilitating front office work processes, and the remaining 14.7 percent worked in



Source: Survey data (2021)

Figure 4.2. Respondent's business domain in %

the back office, which serves as an enabler for all segments. Furthermore, the response rate was well stratified to assess the case bank from a holistic perspective, instead of collecting one side

view of the research variables. Therefore, respondents represented all business lines which are affected by the changes introduced by the bank.

4.4. Descriptive Statistics of the Study Variables

This section describes statistical results for each dimension of leadership styles, which are transformational, transactional, Autocratic Laissez-faire, and change management practice of the bank in terms of percentage, frequency, mean, and standard deviation.

4.4.1. Transformational Leadership

Table 4.2. Descriptive response of Transformational Leadership Style

No	Items	Rating scales					Mean	St. dev
		1	2	3	4	5		
1	Leaders in Dashen Bank influence the followers to accept the change.	0.4	3.6	16.3	42.9	36.9	4.12	0.83
2	Leaders in Dashen Bank increase motivation to change.	0.4	4.8	17.1	51.2	26.6	3.99	.816
3	Leaders use intellectual stimulation to make change possible	1.2	7.2	27.1	43	21.5	3.76	.910
4	Leaders always instill pride in staff after achieving a change.	0.4	11.1	35.7	40.5	12.3	3.53	.863
5	Leaders in Dashen Bank articulate clearly the future.	3.6	12	32.7	43.4	8.4	3.41	.931
6	Leaders in Dashen Bank inspire others to change.	1.2	22	36.4	36	4.4	3.20	.875
7	Leaders build genuine trust between them and followers.	3.2	19.9	45.4	27.1	4.4	3.10	.876
8	Leaders adjust and create the culture to meet the long term needs for change.	4.4	27.4	40.5	23.8	4	2.96	.920
9	Leaders develop skill of employees to meet the requirement of change.	6.3	32.1	34.9	19	7.5	2.89	1.03
10	Leaders in the Bank seek different perspectives before initiating change.	5.2	34.7	38.2	17.5	4.4	2.81	.934
Aggregate Score							3.73	0.65

Key: 1 = strongly disagree; 2 = disagree, 3 = neutral; 4 = agree and 5 = strongly agree

Source: Survey Result (2021)

To measure the effect of transformational leadership on change management, the study employed different statements. The results are presented in table 4.2. The first statement is that the leaders of Dashen bank influence the followers to accept the change. Accordingly, 36.9% of respondents strongly agreed with the statement. The majority (42.9%) agreed with the statement that leaders in the bank influence followers. 16.3% were neutral, 3.6% and 0.4% of respondents disagreed and strongly disagreed with the statement respectively. The statement's mean was 4.12 with a standard deviation of 0.83.

For the second question, respondents were asked how leaders at Dashen Bank motivate employees to change. Accordingly, 26.6 percent of respondents strongly agreed, 51.2 percent agreed, 17.1 percent were indifferent, 4.8 percent disagreed and 0.4 percent strongly disagreed. The statement's mean was 3.99 with a standard deviation of 0.816. Similarly, in the third statement, respondents were asked to reply to leaders' use of intellectual stimulation to facilitate change. As a result, 21.5 percent strongly agreed, the majority of 43% and 27.1 % expressed their agreement and neutrality with the statement respectively, and 7.2 % disagreed and 1.2 % strongly disagreed. The statement's mean was 3.76 with a standard deviation of 0.910.

Regarding the statement that leaders instill pride in staff after achieving a change objective. 12.3 percent strongly agreed, 40.5 percent agreed, 35.7 percent were indifferent, 11.1 percent disagreed, with this statement and 0.4 percent strongly disagreed. The mean of the statement was 3.53, with a 0.863 standard deviation.

In the fifth question, respondents were asked if the bank's leaders clearly articulated the future. Consequently, 8.4% strongly agreed, 43.4% agreed with this statement, 32.2% were indifference, 12 % disagreed with the statement and 3.6 % strongly disagreed. The mean of the statement was 3.41, with a 0.931 standard deviation. The sixth statement is that leaders inspire others to change. Consequently, 4.4 % strongly agreed with this assertion, 36% agreed, 36.4% were indifference, 22% disagreed and 1.2% strongly disagreed with the assertion. The mean of the statement was 3.20 with a standard deviation of 0.875.

With regard to question seven, leaders build genuine trust between them and their followers. 4.4 percent strongly agreed, 27.1 percent agreed, 45.4 percent were indifference, 19.9 percent disagreed with the statement, and 3.2 percent strongly disagreed. The mean of the statement was

3.10, with a 0.876 standard deviation. Similarly, respondents were asked whether leaders adjust and develop the culture to satisfy the long-term needs for change in the eighth statement. As a result, 4% strongly agreed, 23.8 percent agreed, 40.5 percent of respondents were interference, and 27.4 percent disagreed and 4.4 percent strongly disagreed. The mean of the statement was 2.96, with a 0.920 standard deviation.

In response to the ninth question, respondents were asked if leaders develop employees to gain the skills to meet the demands of change. In this regard, 7.5 percent strongly agreed, 19 percent agreed, 34.9 percent were indifferent, 32.1 percent disagreed, and 6.3 percent strongly disagreed with this assertion. The mean of the statement was 2.89, with a 1.030 standard deviation. For the final question about this leadership style, respondents were asked to reply to the statement that leaders in the Bank seek different perspectives before initiating change. Consequently, 4.4% strongly agreed, 17.5% agreed, the majority (38.2%) was neutral, 34.7 % disagreed and 5.2 % strongly disagreed with the statement. The statement had a mean of 2.81 and a standard deviation of 0.934.

The last response, in contrast to the findings of Achitsa, Y.A. (2013) at Equity Bank Limited in Kenya, where the research found that the inclusion of staff in the bank's decision-making process made a significant majority of interviewees feel involved in the change management process.

4.4.2. Transactional Leadership Style

To ascertain the impact of transactional leadership on change management, the research employed different items. The results are displayed in table 4.3. The first statement is that leaders in the bank offer rewards for the change attainment. As a result, 4.4 percent strongly agreed, 45.6 percent agreed with it, 23.8 percent were indifferent, 19.4 percent disagreed, and 6.9 percent strongly disagreed with it.

The mean of the statement was 3.21, with a 1.02 standard deviation. Similarly, in the second question, respondents were asked to reply to the statement that leaders in the bank set clear change goals. Accordingly, 8.2% of respondents strongly agreed with the statement, the majority of 47.1% expressed their agreement, 27.9% were neutral, and 14.3% disagreed and 2.5% strongly disagreed. The statement's mean was 3.44 with a standard deviation of 0.91.

Table 4.3. Descriptive response of Transactional Leadership Style

No	Items	Rating scales					Mean	St. dev
		1	2	3	4	5		
1	Leaders in the Bank offer rewards for achievement of change.	6.9	19.4	23.8	45.6	4.4	3.21	1.02
2	Leaders in Dashen Bank set clear change goals.	2.5	14.3	27.9	47.1	8.2	3.44	0.91
3	The leaders in the Bank are responsible for goal achievement.	2	8.9	20.6	45.6	23	3.79	0.96
4	Leaders motivate followers towards achievement of change.	4.9	19	26.3	35.2	14.6	3.36	1.09
5	Leader develops a vision and sells the vision to the followers.	6.5	17.3	18.5	43.1	14.5	3.42	1.12
6	Leaders in the Bank are interested in creating conducive environment for change.	6.4	15.6	35.2	38.8	4	3.18	0.96
Aggregate Score							3.39	0.75

Source: Survey Result (2021)

With regard to statement three, the leaders in the bank are responsible for goal achievement. Accordingly, 23 percent strongly agreed, 45 percent agreed, 20.6 percent were indifferent, 8.9 percent agreed, and 2 percent strongly disagreed with this statement. The statement's average was 3.79, with a 0.96 standard deviation. By the same token, respondents were asked to respond to the assertion that leaders motivate followers towards achievement of change. According to the results, 14.6 percent strongly agreed, 35.2 percent agreed, 26.3 percent were indifferent, 19 percent disagreed, and 4.9 percent strongly disagreed. The mean of the statement was 3.36, with a 1.09 standard deviation.

In the fifth question, respondents were asked if the leader creates a vision and sells it to the followers. As a result, 14.5 percent strongly agreed, 43.1 percent agreed, 18.5 percent were neutral, 17.3 percent disagreed, and 6.5 percent strongly disagreed with this statement. The mean of the statement was 3.42, with a 1.12 standard deviation. As a final question about this leadership style, respondents were asked to reply to the statement that leaders in the Bank are interested in creating a conducive environment for change. As a result, 4 percent strongly agreed, 38.8% agreed, 35.2

percent were indifferent, 15.6 percent disagreed, and 6.4 percent strongly disagreed with the statement. The statement had a mean of 3.18 and a standard deviation of 0.96.

4.4.3. Autocratic leadership style

To measure the effect of the autocratic leadership style on change management, the research employed different items. The results are displayed in table 4.4. Accordingly, 20.6% of respondents strongly agreed with the first statement that the leader's behavior in the bank focuses

Table 4.4. Descriptive response of Authoritarian Leadership Style

No	Items	Rating scales					Mean	St. dev
		1	2	3	4	5		
1	Leader's behavior in the bank focuses on taking control.		12.3	29	38.1	20.6	3.67	0.94
2	Leader makes order of the employees without offering much clarification and dialogue.		23.4	37.9	34.3	4.4	3.20	0.84
3	The leader involves in implementation of projects.	.8	33.6	45.2	17	3.3	2.88	0.81
4	Leaders in Dashen Bank are swift in handling activities.	.8	33.9	50.6	12.2	2.4	2.82	0.74
5	Leader in Dashen Bank uses punishment in case of failure.	2.4	22.7	28.7	36.3	10	3.29	1.00
6	Tight Leadership style is an effective leadership style.	5.2	42.4	39.2	11.2	2	2.62	0.82
Aggregate Score							3.07	0.72

Source: Survey Result (2021)

on taking control, the majority of respondents (38%) agreed with this statement, 29% were neutral with the statement and 12.3% disagreed with the statement. The statement's mean was 3.67 with a standard deviation of 0.94. Similarly, in the second question, respondents were asked to reply to the statement leader's order of the employees without offering much clarification and dialogue. Accordingly, 4.4 % of respondents strongly agreed with the statement, 34.3% expressed their agreement, the majority (37.9%) were neutral with the statement and 23.4 % disagreed with the statement. The statement's mean was 3.20 with a standard deviation of 0.84.

With regard to statement three, the leader is involved in the implementation of projects. Accordingly, 3.3% of respondents strongly agreed, 17% agreed with this statement, the majority of respondents (45.2%) were neutral about the statement, 33.6% disagreed and 0.8% strongly disagreed. The statement's mean was 2.82 with a standard deviation of 0.81. Likewise, in the fourth question, respondents were asked to reply to the statement that leaders in the bank are swift in handling activities. Accordingly, 2.4 % of respondents strongly agreed with the statement, 12.2% expressed their agreement, the majority (50.6%) were neutral, 33.9% disagreed and 0.8 % strongly disagreed with the statement. The statement's mean was 2.82 with a standard deviation of 0.74.

Concerning the fifth statement, the leader of the bank uses punishment in case of failure. Accordingly, 10% of respondents strongly agreed, the majority of respondents (36.3%) agreed with this statement, 28.7% were neutral about the statement, 22.7% disagreed and 2.4 % strongly disagreed. The statement's mean was 3.29 with a standard deviation of 1.00. As a final question about this leadership style, respondents were asked to reply to the statement that a tight leadership style is an effective leadership style. Consequently, 2% strongly agreed, 11.2% agreed with the statement, 39.2% were neutral, the lion share (42.4%) disagreed and 5.2 % strongly disagreed. The mean of the statement was 2.62 and the standard deviation was 0.82.

4.4.4. Laissez-Faire Leadership

To evaluate the effect of laissez-faire leadership on change management, the study employed different statements. The results are presented in table 4.5. The first statement is that leaders in the bank avoid making decisions. Accordingly, 23.9% of respondents strongly agreed, the majority of respondents (53%) agreed with this statement, 19.9% were neutral about the statement and 3.2% of respondents disagreed with the statement. The statement's mean was **3.98** with a standard deviation of 0.75. Similarly, in the second question, respondents were asked to reply to the statement leaders in the bank's delay in responding to urgent questions. Accordingly, 34.3% of respondents strongly agreed with the statement, the majority (39.8%) expressed their agreement, 21.1% were neutral with the statement, 4% disagreed and 0.8% strongly disagreed. The statement's mean was 4.03 with a standard deviation of 0.83.

With regard to statement three, leaders in the bank use passive management. Accordingly, 11.3% of respondents strongly agreed, the majority of respondents (40.1%) agreed with this statement,

Table 4.5. Descriptive response of Laissez-faire Leadership Style

No	Items	Rating scales					Mean	St. dev
		1	2	3	4	5		
1	Leaders in the bank avoid making decisions.		3.2	19.9	53	23.9	3.98	0.75
2	Leaders delay in responding to urgent questions.	.80	4	21.1	39.8	34.3	4.03	0.88
3	Leaders in the bank use passive management.	0.4	9.7	38.5	40.1	11.3	3.52	0.83
4	The leader makes no attempt to help in solving problems.		9.6	40.8	43.2	6.4	3.46	0.75
5	Leaders in the bank renounce their leadership.	2.8	14.5	41.1	37.5	4	3.25	.85
6	Leader doesn't concern themselves in the stimulation of subordinates.		7.6	55	32.7	4.8	3.35	0.68
Aggregate Score							3.60	0.57

Source: Survey Result (2021)

38.5% were neutral, and 9.7% of respondents disagreed and 0.4% strongly disagreed with the statement. The statement's mean was 3.52 with a standard deviation of 0.83. Likewise, in the fourth question, respondents were asked to reply to the statement that the leader makes no attempt to help in solving problems. Accordingly, 6.4 % of respondents strongly agreed with the statement, the majority (43.2%) expressed their agreement, 40.8 % were neutral and 9.6% disagreed with the statement. The statement's mean was 3.35 with a standard deviation of 0.68.

Concerning the fifth statement, respondents were asked to reply to the statement that leaders in the bank renounce their leadership. Accordingly, 4% of respondents strongly agreed, 37.5% agreed with this statement, line share of the respondents (41.1%) were neutral on the statement, 14.5% disagreed and 2.8 % strongly disagreed. The statement's mean was 3.25 with a standard deviation of 0.85. As a final question about this leadership style, respondents were asked to reply to the statement that leaders in the bank don't concern themselves with the stimulation of subordinates. Consequently, 4.8% strongly agreed, 32.7% agreed with the statement, the majority (55%) were neutral and 7.6% disagreed with the statement. The mean of the statement was 3.35 and the standard deviation was 0.68.

4.4.5. Change Management

Finally, to evaluate change management, the research employed different items. The results are displayed in table 4.6. Accordingly, 11.3% of respondents strongly agreed with the first statement that there is ownership change in the bank. Accordingly, 34.3% agreed with this statement, the majority (37.5%) were neutral about the statement, 14.9 % disagreed and 2% strongly disagreed with the statement. The statement's mean was 3.38 with a standard deviation of 0.94. Similarly, in the second question, respondents were asked to reply to the statement that leaders in the bank are responsible for the change process. Accordingly, 21.7 % of respondents strongly agree with the statement, the majority of respondents (54.9 %) expressed their agreement, 9% were neutral with the statement, 9.4% disagreed and 4.9 % strongly disagreed. The statement's mean was 3.79 with a standard deviation of 1.04.

Table 4.6. Descriptive response of Change Management

No	Items	Rating scales					Mean	St. dev
		1	2	3	4	5		
1	There is ownership of change in the bank.	2	14.9	37.5	34.3	11.3	3.38	0.94
2	Leaders in the bank are responsible for the change process.	4.9	9.4	9	54.9	21.7	3.79	1.04
3	Change helps Dashen bank to become more effective.	2.8	25.7	24.9	36.5	10	3.25	1.03
4	Leaders develop skill of employees to meet the change objectives.	1.6	20.2	16.1	40.3	21.8	3.6	1.08
5	Leaders seeks different perspectives before initiating change	2.8	13.9	20.6	52.8	9.9	3.53	0.94
Aggregate Score							3.51	0.72

Source: Survey Result (2021)

With regard to statement three, change helps Dashen bank to become more effective. Accordingly, 10% of respondents strongly agreed, the majority of respondents (36.5%) agreed, 24.9% were neutral about the statement, 25.7 % disagreed and 2.8% strongly disagreed. The statement's mean was 3.25 with a standard deviation of 1.03.

Concerning the fifth statement, leaders develop the skills of employees to meet the change objectives. Accordingly, 21.8% of respondents strongly agreed, the majority of respondents

(40.3%) agreed with this statement, 16.1% were neutral about the statement, 20.2% disagreed and 1.6% strongly disagreed. The statement's mean was 3.6 with a standard deviation of 1.08. As a final question of this dimension, respondents were asked to reply to the statement that leaders seek different perspectives before initiating change. Consequently, 9.9% strongly agreed, the majority (52.8%) agreed with the statement, 20.6 % were neutral, 13.9% disagreed and 2.8 % strongly disagreed. The mean of the statement was 3.53 and the standard deviation was 0.94.

4.5. Qualitative Data Analysis

Interviews were conducted to supplement and compare the information gathered via questionnaires. The interviews in this study were intended because the interviewees provided details about some specific areas of study. Accordingly, the interview is divided into three sections. The first section presents the leadership styles practiced by Dashen Bank and the attributes of each leadership style. The second section reveals the effectiveness of the practiced leadership styles in change management, and the final section presents the best leadership styles proposed by the interviewee for managing change in the bank.

The respondents of the interview were six senior managers of the bank who have matured experience and knowledge of the research title. The interviewee's responses are denoted by participant number (PT-1) for the first senior Manager, 2 for the second senior manage (PT-2), and so on. The following is a summary of their responses.

The first question was targeted at identifying the leadership style adopted by the bank. Accordingly, out of six respondents interviewed, three managers (PT 1-3) or 50% of respondents revealed that the leadership style practiced in the bank was transformational leadership. The main attributes they described for the claimed leadership style include: inspiring followers to look beyond their own interests for the good of the team and the organization, influencing followers, developing and communicating a vision, motivating employees specifically at the commencement of the change initiative, trying to convince the participants of the change of the need for the change, and acting as an agent of change even if somehow they lack consistency in this regard. For a similar question, Participant 4 (PT-4), replied that the leadership style practiced by the bank is Laissez faire and the attributes he has put for his claim are lack of determination, focus, and tone setting at the top, thereby limiting buy-in by participants in pushing the change towards the desired

objective. Likewise, participant 5, revealed the practiced style was transactional leadership and his manifestation of his claim included that leaders are responsible for goal achievement, setting clear change goals, and offering rewards for achievement of change. Finally, for the same question, Participant 6, revealed the absence of a specific leadership style adopted by the bank, and he substantiated his assertion by referring to the lack of a clearly stipulated style as a bank and adding his own beliefs that leadership styles vary with the personalities of the leaders.

The second question the interviewees were asked to reply to the effectiveness of the leadership style in change management at the bank. Accordingly, the majority of respondents (PT 1-3 and Participant 5) stated that the bank's leadership style is producing positive results. The basic elements of their positive perceptions include people management, motivation, employee development programs, and some of the benefit packages as an encouraging practice of the bank's leadership. Nevertheless, they have some doubts about change management sustainability. They specifically specified their reservation by stating that in most of the change introduction phases, the leadership team is fully involved and inspires others to implement it, and in the process, they will disappear. Hence, they reflected the lack of sustainment of the momentum of the change. Two participants, PT 4 and PT 6, revealed their reservations about the effectiveness of the leadership style on change management and their arguments for their doubts include lack of attention to the change management issues, absence of a well-defined process for managing the change, lack of identifying the appropriate leadership style relevant for the business, delays in projects, lack of proper communication channels on the change agenda, power distance, and lack of professionals in the area, These are some of the issues expressed by the respondents.

The final question the interviewee was asked to reply to the best leadership style for managing change in Dashen bank? Consequently, almost all the participants except participant 4 recommended the transformational type of leadership style as the best style for managing change. They have justified their recommendation by expressing that a transformational leadership style avoids lack of determination, focus, and tone setting. It encourages subordinates to think outside the box, and propose innovative ideas in a competitive business, it emanates from the change intent clarity, it tries to influence and motivate employees. On the contrary, for the same question, Participant 4 revealed that if the change management practice of the bank is to be effective, a flexible leadership style is prudent based on the change intent instead of a one-fit for-all

prescriptive style. This is because, in some instances, a particular type of leadership may not be appropriate for managing change.

4.6. Inferential Statistics or Correlation of the variables

The correlation matrix is used to determine the degree to which changes in one variable are connected to changes in another. The correlation coefficient should be in the range of -1 to +1, with -1 denoting perfect negative correlation, +1 denoting perfect positive correlation, and 0 denoting no connection (Kothari and Garg, 2014). These values indicate both the direction and

Table 4.7. Correlation matrix of leadership styles and change management

		Transformational	Transactional	Autocratic	Laissez-faire	Change Management
Transformational Leadership	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	252				
Transactional Leadership	Pearson Correlation	.574**	1			
	Sig. (2-tailed)	.000				
	N	252	252			
Autocratic Leadership	Pearson Correlation	.128*	-.080	1		
	Sig. (2-tailed)	.042	.203			
	N	252	252	252		
Laissez-faire Leadership	Pearson Correlation	.108	.175**	.089	1	
	Sig. (2-tailed)	.088	.005	.157		
	N	252	252	252	252	
Change Management	Pearson Correlation	.713**	.576**	.149*	.169**	1
	Sig. (2-tailed)	.000	.000	.018	.007	
	N	252	252	252	252	252
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source: Survey Result (2021)

size of the relationship. According to Cohen (1988), coefficients of correlation (r) ranging from 0.10 to 0.29 may indicate a weak relationship, ranging from 0.30 to 0.49 may indicate a moderate level of relationship, and (r) ranging from 0.50 to 1.00 may indicate a strong relationship.

As Table 4.7 shows in the above table, there is a significant positive correlation between transformational leadership style and change management at an r value of 0.713. There was also a significant positive correlation between transactional leadership style and change management at an r value of 0.576. There was a weak positive correlation between autocratic leadership and change management at an r value of 0.149 and there was a positive correlation between the Laissez-faire leadership style and change management at an r value of 0.169. The table shows that the majority of the research factors had a positive impact on the dependent variable.

4.7. Test for Assumptions of Regression Model

4.7.1. Normality Test

The purpose of normality testing is to determine whether a data set is well-modeled by a normal distribution. The test is used to determine how likely a random variable in a data collection is to be normally distributed. The significance tests and relationships between the variables are distorted when study variables are not normally distributed (Grace, 2019). When the normality assumption is violated, the explanation and implications are not valid or reliable (Razi and Wah, 2011). The reason for this is that regression analyses assume normal distributions. Various tests can be used to check for normality. One of the methods used to test normality is called the (probability–probability plot). The cumulative probability of a variable is plotted against the cumulative probability of a given distribution in the graph. The variable is normally distributed if values fall on the diagonal of the plot, but departures from the diagonal indicate deviations from normality (Field, 2005).

This study adopted the probability–probability plot test and the findings are presented in (**Appendix 1**). Thus, we can deduce that the assumption of a normally distributed error term was not breached.

4.7.2. Multicollinearity Test

Multicollinearity is a statistical event in which two or more research variables are substantially associated with each other in a multiple regression model. This indicates that one of the variables is likely to be linearly projected from the others with a high degree of precision (Grace, 2019). According to Gujarati (2011), if there is one or more such relationships among the regressors, we call them multi-collinear or collinear. The standard errors increase as the multicollinearity increases.

Table 4.8. Collinearity Diagnosis Result

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Transformational Leadership	.640	1.563
	Transactional Leadership	.630	1.586
	Autocratic Leadership	.937	1.067
	Laissez-faire Leadership	.958	1.043
a. Dependent Variable: Change Management			

Source: Survey Result (2021)

Multicollinearity can be tested either by correlation coefficient results or by VIF (Variance Inflation Factor). Accordingly, this study used Variance Inflation Factor (VIF) to test the presence of multicollinearity in the regression analysis. According to Newbert (2008), if the VIF value is above 10, this is indicative of the presence of damaging collinearity. As shown in table 4.8, all the values of VIF in the study were found to be below 10, which means that multicollinearity among the study variables was not damaging.

4.8. Overall Regression Analysis

4.8.1. Model Summary

Subsequent to the assumption tests, the study went on to run regression analysis of the independent variables (Transformational, Transactional, Democratic, Laissez-faire, and Autocratic leadership) on the dependent variable (Change Management). The result of the regression analysis is displayed in table 4.9, which shows that $R=0.750$ and $R^2=0.562$. This result indicates that 56.2% of the changes in the dependent variable (Change Management) are explained by the independent variables'. The remainder, 43.8% explained by other factors not captured in the study.

Table 4.9. Summary of regression model

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 ^a	.562	.555	.47938
a. Predictors: (Constant), Laissez-faire Leadership, Autocratic Leadership, Transformational Leadership, Transactional Leadership b. Dependent Variable: Change Management				

Source: Survey Result (2021)

The Analysis of variance (ANOVA) in below table 4.10 shows the p value for the model from a statistical perspective. As the significance value shows a value of .000, which is less than 0.05, the model is significant. This indicates that the variation explained by the model is not due to chance.

Table 4.10. ANOVA Results for the Regression Model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.924	4	18.231	79.335	.000 ^b
	Residual	56.761	247	.230		
	Total	129.685	251			
a. Dependent Variable: Change Management						
b. Predictors: (Constant), Laissez-faire Leadership, Autocratic Leadership, Transformational Leadership, Transactional Leadership						

Source: Survey Result (2021)

This indicates that the sample data provides sufficient evidence to conclude that the regression model was well fitted. The p-value (0.000) is highly significant and it can be concluded that a leadership style can predict the change management practice of the bank significantly.

4.8.2. Coefficients of Variables

The study went further to report the regression coefficients as presented in table 4.11. Based on the table, the regression equation for this relationship was $Y=0.085 +0.602X_1 + 0.248X_2+ 0.095X_3 + 0.072X_4$. The Standardized regression coefficient (beta coefficient) shows the strength of the effect of each individual independent variable (Transformational, Transactional, Autocratic, and Laissez faire) on the dependent variable (Change Management).

Consequently, as the regression coefficient result of the model shows in table 4.11, the Transformational Leadership Style has a positive and significant effect on change management with ($\beta =0.602$, $p=0.000$), as the p value is less than 0.05. The positive effect of the Transformational Leadership Style on organizational change management in the case bank implies that a unit increase in the Transformational Leadership Style will lead to a 0.602-unit increase in change management.

Table 4.11. Coefficients of the variables

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.085	.262		.323	.747
	Transformational Leadership	.602	.058	.544	10.343	.000
	Transactional Leadership	.248	.050	.262	4.933	.000
	Autocratic Leadership	.095	.043	.095	2.183	.030
	Laissez-faire Leadership	.072	.055	.057	1.316	.189

a. Dependent Variable: Change Management

Source: Survey Result (2021)

The finding was consistent with the empirical review of Achitsa, Y.A. (2013) study on leadership and management of strategic change at Equity Bank Limited Kenya. The Achitsa study revealed that the leadership style greatly adopted at the bank during the process of change was found to be a transformational leadership style. The finding was also collaborated with Ememe, J. (2017). Among the strategies Ememe identified to foster the effectiveness of change management in the Nigerian banking industry, the transformational leadership style was the one. Specifically, the study proved the adoption of the transformational leadership style to create an enabling

environment and to encourage subordinates to be involved in the day-to-day running of the organization.

Similarly, the finding is consistent with Befekadu and Belayneh (2020) results. They show significant and positive correlations between the transformational leadership style and organizational change perceptions and, furthermore, the transformational leadership style has emerged as the most powerful predictor of employees' perception of change.

Similarly, the effect of transactional leadership style on change management in Dashen bank was significant at 5% level of significance as table 4.8 displayed ($\beta = 0.248$, $p = 0.000$). Specifically, this result shows that a unit increase in transactional leadership will lead to a 0.248-unit increase in change management.

Regarding the effect of autocratic leadership on change management in the case of Dashen bank, as table 4.8 displays ($\beta = 0.095$, $p = 0.030$). As the p value result is 0.030, which is less than 0.05, the effect is still significant at a 5% level of significance. This shows that a unit increase in autocratic leadership will lead to a 0.095-unit increase in change management.

Finally, the effect of the laissez-faire leadership style on change management in case bank is displayed in table 4.8 where ($\beta = 0.072$, $p = 0.189$). As the p value result shows, which is 0.189 is greater than 0.05. Hence, the effect is insignificant at the 5% level of significance. The result shows that the laissez-faire leadership style has no significant effect on organizational change management of the bank as the critical p-value is above 0.05, which is 0.189.

Hence, the equation of change Management in Dashen Bank = $0.085 + 0.602$ Transformational leadership + 0.248 Transactional leadership + 0.095 Autocratic Leadership

The finding collaborated with the empirical review of Achitsa, Y.A. (2013) study on leadership and management of strategic change at Equity Bank Limited Kenya. The study revealed that different leadership styles were adopted in the bank depending on the situation, so as to reinforce the need for change.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

In this chapter, the study's findings on the effect of leadership styles on change management in the case bank are carefully described; appropriate conclusions are taken from the findings and the study attempts to advance pertinent recommendations. The dependent variable is change management and the independent variables are transformational leadership style, transactional leadership style, autocratic leadership and laissez-faire leadership style.

5.2. Summary of Findings

According to the regression results, the study revealed that transformational leadership and change management had a significant positive relationship. According to this finding, transformational leadership has a major effect on change management. Hence, transformational leadership is the most powerful predictor of change management in DB.

On the same theme, according to the descriptive study findings, leaders of the bank to make change possible in most transformational leadership items, like influencing followers, increasing motivation, use of intellectual stimulation, instilling pride, inspiring others, articulating the future and building genuine trust, revealed a mean score of 3 and above, which is positive and encouraged. Whereas seek different perspectives before initiating change, develop the skills of employees to meet the requirements of change, and adjust and create the culture to meet the long-term needs for change have a mean score within a range of 2.8 -3, which needs further effort to grab the full benefit of transformational leadership.

Based on the specific aim of the study, to determine the effect of transactional leadership on change management in the case bank, the regression study revealed that transactional leadership and change management had a significant positive relationship. According to the findings, transactional leadership has a significant impact on change management next to transformational leadership.

In a similar vein, the descriptive study findings for transactional items questions respondents revealed that leaders of the bank develop and sell the vision to their followers, set clear change

goals, are responsible for goal achievement, create a conducive environment for change, and offer rewards for achievement of change, all of which reveal a mean score of 3.18 and above, which are positive and encouraged.

To establish the effect of Autocratic leadership on change management in the case bank, the regression study revealed that autocratic leadership and change management had a significant positive linear relationship. According to the findings, autocratic leadership has a significant effect on change management.

On the same subject, the descriptive study findings for Autocratic leadership questions respondents revealed that leaders of the bank focus on taking control, are swift in handling activities, involved in implementation of projects, make orders without clarification and use punishment in case of failure, all of which reveal a mean score of 3.18 and above, which is positive and encouraged. However, the last item, the effectiveness of the autocratic leadership style in change management, has a mean score of 2.6, which needs further effort to grab the full benefit of the style in an appropriate context.

To determine the effect of laissez-fair leadership on change management in the case bank, the regression study revealed that laissez-faire leadership and change management had a positive but insignificant linear relationship. According to the findings, laissez-faire leadership has an insignificant effect on change management.

5.3. Conclusion

The study found that the bank employed a variety of leadership styles in the change management process. Transformational leadership's effect on change management is positive and significant. Hence, transformational leadership caused change management to be smoothly implemented in the bank. Based on the above findings, transformational leadership styles had the highest predictor power for change management in Dashen Bank S.C.

The study also concluded that the transactional leadership style had an effect on the change management of Dashen bank. According to the findings, the effect of transactional leadership on change management is positive and significant.

Regarding the effect of an autocratic leadership style on change management, similarly, an autocratic leadership style had an effect on the change management of Dashen bank. According to the findings, the effect of autocratic leadership on change management is positive and significant.

Finally, the study concluded that the effect of the laissez-faire leadership style on change management is positive but insignificant.

5.4. Recommendation

Based on the findings of the study to enhance the success of change management, the following recommendations have been proposed to the case bank:

- As per the finding of the study the bank employed a variety of leadership styles in the change management process. However, as the effect of transformational leadership is greater than the other styles which affect change management positively and significantly, the bank recommended to strengthening the transformational style so as to affect the success of change in a sustainable way.
- Given the importance of proper leadership during the process of change management in an organization, it is essential to employ proper leadership assessment in the leadership recruitment process in order to identify transformative leaders so as to achieve the change

management objective. In line with this, the bank needs to direct its development investment towards capacitating this leadership style to implement the change effectively.

- Creating a positive culture in an organization is a critical ingredient of transformational leadership. Hence, to maximize the effect of transformational leadership on change management, the leadership of the bank recommended to strengthening the trust between its employees and management, thereby shaping the intended culture in line with the bank's mission and vision.
- The study found out that the mean score of leaders in developing the skills of employees to meet the requirements of change is lower in transformation leadership questions. As training and development improve employees' ability to do their job as well as help to facilitate the effective implementation of the desired changes, the bank recommended to adequately train all employees on the need for change whenever the bank introduces new initiatives, so as to completely reap the benefits of changes.
- Similarly the study found the limitedness of view involvement in the change process. Hence, the leader recommended to participate employees to provide their perspectives on the new change initiatives of the bank. This is because those who contribute their ideas early in the change process will feel more ownership, act as change champions, reduce resistance to change, and help to sustain change initiatives. In line with this, Dashen bank should craft a structured communication approach to create an effective information flow that reduces the lack of knowledge about the change agenda.
- With regard to the change management office, in order to play the central role in change facilitation and expedite the success of the change, the bank's change management office requires prior focus on structural set up, assignment of trained professionals, and employee development programs including exposure visits.
- Last but not least, the bank needs use a variety of leadership styles during the change management process, including transformational, transactional, and autocratic leadership styles. This is because, in this study, though the dominant predictor is transformational leadership, except for the laissez-faire leadership style, the other leadership styles were proven to be effective in bringing about change in Dashen Bank S.C. Hence, among the leadership

styles found to be significant, Dashen bank should employ different styles depending on the situation, so as to reinforce the need for change.

5.5. Areas of Further Research

The study investigated the effect of leadership styles on change management in the case of Dashen Bank S.C. more of research can be done on how other leadership styles affect change management in other banks within Ethiopia. Further research can also be done on how leadership styles affect change management in the banking industry of the nation.

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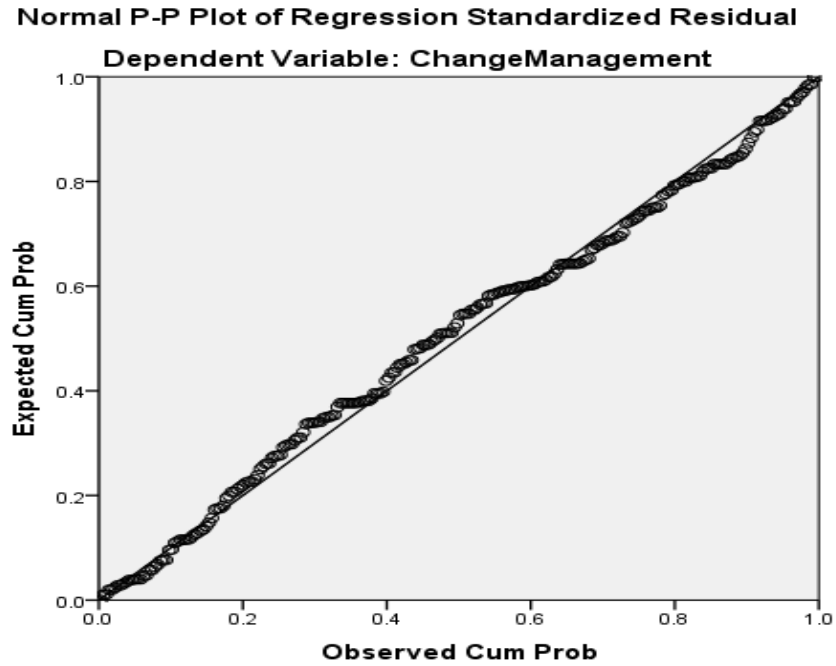
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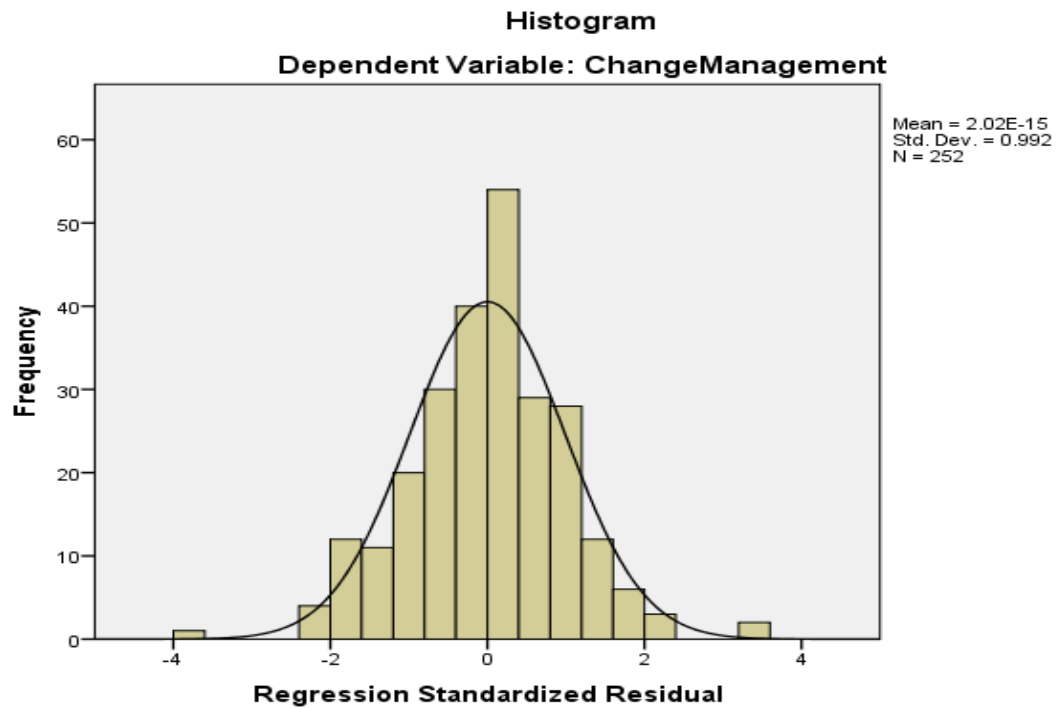
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Appendices

Appendix1: Probability -Probability Plot of the standardized Residual



Frequency distribution of standardized Residual



6. Please specify your line of business?

a) Front Office

b) Middle Office

c) Back office

Part II.

Please indicate how much you agree or disagree with each of the following statements by circling the number that best represents your opinion.

1. Strongly

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

Part II.

Please indicate how much you agree or disagree with each of the following statements by circling the number that best represents your opinion.

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

No.	Questions	SD	D	N	A	SA
1.	Leaders in Dashen Bank influence the followers to accept the change.	1	2	3	4	5
2.	Leaders in Dashen Bank increase motivation to change.	1	2	3	4	5
3.	Leaders use intellectual stimulation to make change possible	1	2	3	4	5
4.	Leaders always instill pride in staff after achieving a change.	1	2	3	4	5
5.	Leaders in Dashen Bank articulate clearly the future.	1	2	3	4	5
6.	Leaders in Dashen Bank inspire others to change.	1	2	3	4	5
7.	Leaders build genuine trust between them and followers.	1	2	3	4	5
8.	Leaders adjust and create the culture to meet the long term needs for change.	1	2	3	4	5
9.	Leaders develop skill of employees to meet the requirement of change.	1	2	3	4	5
10.	Leaders in the Bank seek different perspectives before initiating change.	1	2	3	4	5
11.	Leaders in the Bank offer rewards for achievement of change.	1	2	3	4	5
12.	Leaders in Dashen Bank set clear change goals.	1	2	3	4	5
13.	The leaders in the Bank are responsible for goal achievement.	1	2	3	4	5
14.	Leaders motivate followers towards achievement of change.	1	2	3	4	5
15.	Leader develops a vision and sells the vision to the followers.	1	2	3	4	5
16.	Leaders in Dashen Bank are interested in creating the conducive environment for change.	1	2	3	4	5
17.	Leaders in Dashen Bank avoid making decisions.	1	2	3	4	5
18.	Leaders delay in responding to urgent questions.	1	2	3	4	5

19.	Leaders in Dashen Bank use passive management.	1	2	3	4	5
20.	The leader makes no attempt to help in solving problems.	1	2	3	4	5
21.	Leaders in Dashen Bank renounce their leadership.	1	2	3	4	5
22.	Leader in Dashen Bank doesn't concern themselves in the stimulation of subordinates.	1	2	3	4	5
23.	Leader's behavior in the bank focuses on taking control.	1	2	3	4	5
No.	Questions	SD	D	N	A	SA
24.	Leader makes order of the employees without offering much clarification and dialogue.	1	2	3	4	5
25.	The leader involves in implementation of projects.	1	2	3	4	5
26.	Leaders in Dashen Bank are swift in handling activities.	1	2	3	4	5
27.	Leader in Dashen Bank uses punishment in case of failure.	1	2	3	4	5
28.	Tight Leadership style is an effective leadership style.	1	2	3	4	5
29.	There is ownership of change in the bank.	1	2	3	4	5
30.	Leaders in the bank are responsible for the change process.	1	2	3	4	5
31.	Change helps Dashen bank to become more effective.	1	2	3	4	5
32.	Leaders develop skill of employees to meet the change objectives.	1	2	3	4	5
33.	Leaders seeks different perspectives before initiating change	1	2	3	4	5

Source: Own Survey (2021)

Appendix 3: Interview Question

1. What type of leadership style is adopted by the bank? What are the attributes of the specified leadership styles?
2. How do you evaluate the leadership styles effectiveness from a change management perspective?
3. What leadership style do you think is best in managing change in Dashen Bank?

