



COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

THE EFFECT OF LEADERSHIP STYLES ON
EMPLOYEE SATISFACTION: IN THE CASE OF Bank of
Abyssinia

*A Thesis Submitted to the school of Graduate Studies of Addis Ababa University in
Partial Fulfilment of the Requirements for the Award of the Degree of Master of
Business Administration (MBA)*

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Addis Ababa, Ethiopia

June, 2024




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Approved by Board of Examiner

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DECLARATION

I Kibretzion Gebremariam, hereby declare that the study entitled “The Effect of Leadership Style on Employee satisfaction in case of Bank of Abyssinia” is my original work and has not been presented in Addis Ababa University or any other University. I have carried out the study independently with guidance and support of the research advisor Hailemariam G. (PhD). All other contributors or sources used for the study have been duly acknowledged.

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01/07/2024

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Date

ACKNOWLEDGEMENT

I want to express my sincere gratitude to my advisor Hailemariam Gebremichael (Ph.D.) for his unwavering support and direction during the entire thesis-writing process. I also want to express my gratitude to all of bank of Abyssinia staffs, and data collectors for your unreserved assistance.

Next, I want to express my gratitude to my friends, family, and coworkers for all of their support and encouragement. Last but not least, I want to thank Addis Ababa University college of business and economics for fostering an environment that made writing the thesis possible.

ABSTRACT

The objective of the study was to assess the effect of leadership styles on the employee satisfaction in the case of Bank of Abyssinia. Both explanatory and descriptive research designs were used in this study. Also, a cross-sectional survey design was used in the study. In addition, a quantitative research methodology was applied. The management and employees of Bank of Abyssinia were the study target population. The respondents from each departmental stratum were identified using the random stratified sampling method. Both primary and secondary sources of data were used. The study employed questionnaire and the cross-sectional survey approach to collect data. SPSS V.25, a statistical application, was used for the analysis. Both descriptive and inferential statistics was used to analyse the data. The data was presented and summarized using descriptive statistics like mean, standard deviation, frequency, and percentage. In terms of inferential statistics, the study examined the significance of each independent variable's contribution to the dependent variable using binary logistic regression analysis and used the Pearson correlation coefficient to illustrate the interdependence between the independent and dependent variables. The purpose of the study was to determine which of the three leadership styles has the most favourable and noteworthy influence on Bank of Abyssinia's employee satisfaction. The study suggested the leadership style that the bank should use more frequently in order to improve employee satisfaction. The study concluded that among the three leadership style that the study focused on, only transformational and laissez-faire leadership style have positive significant effects on employee satisfaction of bank of Abyssinia; and transformational leadership style has a greatest impact on employee satisfaction of the bank. The study recommended for the bank to provide complete freedom for its employees to solve problem by their own, employees of the bank should be inspired to explore their maximum potential.

Keywords: *Job Satisfaction, Leadership Style, Management, Success.*

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

The achievement of goal for any organization largely depends on the knowledge, skill, ability, commitment, wisdom, and attitude of the human resource (Mahapatro 2022). Additionally, organizational culture has been regarded as one of the crucial core competences of an organization. The most crucial component for an organization's success is its employee motivation and satisfaction. A culture can have either favorable or unfavorable effects on the workplace (Azeem, Ahmed et al. 2021).

Since success is a goal that must be attained over time and is a process rather than a one-time event, performance is the outcome of action. How successfully a company performs in achieving its vision, mission, and goals is a key component of strategic management. The outcome of quality management is performance, which is a constant process of dialogue between leaders and followers. To become success leader every organization must identify and evaluate their leadership style (Silva, Magano et al. 2021).

The term "job satisfaction" relates to a person's attitude toward his or her job and the firm, and may be defined as an employee's emotional reaction to their work environment based on a comparison of actual results to expectations. According to Judge (2004), job happiness is a predictor of employee performance, and the connection is stronger for professional jobs. Effectively managing the variables that influence employees' behavior and job satisfaction affects their discretionary efforts and performance levels (Phillips & Gully, 2012). Stringer (2006) found empirical evidence that good supervisor-employee interactions are linked to both subjective and extrinsic work satisfaction. Mohammad et al. (2011) also identified a link between leadership behavior and job happiness.

Employee job satisfaction is one of the main critical elements for organizational performance. Being satisfied affects all human interactions and actions in work place. finding appropriate activities is therefore preferable (Hajiali, Kessi et al. 2022).

A new, successful method for managing both people and the entire organization has engaged leadership over the past few years. However, the old idea of personnel administration has gradually been replaced by the view of human resource management. This forced the intentional blending of modern leadership philosophies into efficient management of human resources. Due to its effects on employees' effectiveness in satisfying clients and their jobs, leadership is a crucial component in any institute's success (Wilton 2019). For leaders to achieve their goals and influence the social process, followers must willingly participate in their leadership. Additionally, it is the ability to effectively mobilize, inspire, and lead others by focusing on human relations (Aunga and Masare 2017).

This study focuses on the leadership that is seen as one of the most important strategists for the business to face the challenge of dynamic and competent environment. To this end, the paper investigates the nature and extent of relationship between leadership styles and the employee satisfaction in Bank of Abyssinia.

1.2 Back ground of the organization

Bank of Abyssinia is one of youngest private bank in Ethiopia was open for business in 1996 with enthused initiation and determination. The name Abyssinia evokes courage and character, which are its fundamental qualities. Its identity is marked by a sense of hope, optimism, and belief, which is exquisitely captured in its logo, the *Adey Abeba*. The logo promise new beginning and Abyssinia brings new beginning that very sense to all stakeholders it engages with.

Bank of Abyssinia is a private individual's share company with experience and accomplishments in a variety of fields, including business, entertainment, and education. Such diverse ownership not only reflects the company determination and willingness to succeed in the sector it operates in but also signifies its ability to work together toward building a successful business venture and commercial bank service.

Bank of Abyssinia works toward to achieve the vision of to be leading commercial bank in east Africa by 2030 by providing excellent financial services through competent and motivated employee and using art of state of technology with giving due attention for customer satisfaction, integrity, team work and collaboration and caring for our community as core value.

Therefore, the leadership area of employee satisfaction includes offering flexible work arrangements and support for work-life balance and the efficient use of all human resource resources for the company's future expansion and profit maximization. Research to date, however, suggests that opinions regarding the relationship or association between leadership style and employee satisfaction are in-congruent. A few researchers have concluded that there is no correlation between employee satisfaction and its leadership style. Furthermore, an additional researcher found that there was a noteworthy impact on the functioning of the business. Thus, in the example of Bank of Abyssinia in Addis Ababa, Ethiopia, this particular study studies and determines the relationship between employee satisfaction and types of leadership styles that influence organizational culture.

1.3 Statements of Problem

Compared to others, the financial sector in Sub Saharan Africa is experiencing a delay in progress. Ethiopia is no exception to it. The less infrastructure facilities in technology, service delivery, less capital and ineffective management system have been the main reason among others that makes Ethiopian banking industry to remain closed for foreign investors and continue to operate in unique business environment even from its neighbouring East African countries like Kenya, Tanzania, and Uganda. The least development of social and economy signifies the malfunctioning of banking sector in the country. However, The loose in management system within individual banks is the cause for all problems in the banking sector (Abdu 2022).

Banks in Ethiopia adhere to conventional methodologies of operation. The customary responsibilities of both managers and employees encompass engaging in daily routine tasks. A significant portion of managers dedicate their time to routine obligations such as monitoring attendance and enforcing dress code policies, as well as composing regulations that emphasize the consequences for any transgressions committed against the prescribed guidelines. The primary emphasis of this study is placed upon the presence of irregularities, errors, anomalies, and divergences, which have been proven to significantly drain the valuable time of managers. Consequently, this has resulted in their reduced efficacy in terms of accurately forecasting future events and effectively aligning their current tasks with the bank's stated vision. Moreover, a significant disparity can be discerned in the comprehension

of the bank's vision and mission among the employees. Only a limited number of managers effectively articulate the vision and display assurance in its accomplishment (Kebede and Lemi 2020).

On the other hand, employees are complaining as their individualistic and communal need is not well considered and less room is given for their say. This discourages employees to feel belongingness to the bank which in turn leads to less productivity. Their voice is continued to be ignored and no room is being given for their say. They are not participating in the decision process that all policies and big decisions revealed to them after it is made at the top. There is visible bridge between managers and employees that no free discussion is possible and most employees are not comfortable to share what they think. These show the seriousness of leadership malfunctioning in Ethiopian banking industry(Kebede and Lemi 2020).

Ensuring the presence of effective leadership is one the critical strategies to increase the performance and remain in business. The leadership style drives the ability of an organization, to successfully implement business strategies, to gain a competitive advantage and optimize human capital (Maisyura, Aisyah et al. 2022).

The dependency of organizational performance on the leadership effectiveness has been demonstrated by several studies (Karunakaran and Temam 2022, Thapa and Parimoo 2022, Piwowar-Sulej and Iqbal 2023). Even though some studies support the superiority of transformational leadership style over transactional leadership style, the other claim the superiority of transactional leadership style over transformational leadership style for better employee satisfaction; some still suggests the combination of both leadership styles with various degrees according to the situation. In line with this, the study has examined the effect of leadership styles (i.e. transformational and transactional leadership) on employee satisfaction in case of Bank of Abyssinia.

1.4 Research Hypothesis

In order to determine the impact of the leadership style on employee satisfaction, the research hypothesis was formulated. The hypothesis stated that:

H1: Transformational leadership style has a positive and significant impact on the employee satisfaction.

H2: Transactional leadership style has a positive and significant impact on the employee satisfaction.

H3: Laissez-faire leadership style has a positive and significant impact on the employee satisfaction.

1.5 Objectives of the Study

1.5.1 General Objective

The main objective of this research was to “determine the impact of Lazier leadership style, transactional leadership style, and transformational leadership style on employee satisfaction.”

1.5.2 Specific Objectives

The specific objectives of the paper were:

- To investigate the Impact of transformational leadership style on employee satisfaction.
- To investigate the Impact of transactional leadership style on employee satisfaction.
- To investigate the Impact of lazier leadership style on employee satisfaction.

1.6 Significance of the Study

Banking industry is an integral part of the whole economy where economic and social aspect of the people takes parts. Banks are the critical part of financial system that play a pivotal role in contributing to a country’s economic development. The development and improvement of the industry facilitate the economic development of the country as investment fund mobilizing by deposit; saving, transfer service and efficient resource allocation are there. The resource will optimally be allocated for faster growth of national economy with effective and efficient banking service. Therefore, improving or advancing banking services is crucial for the country to develop.

This study has significance on giving insight about how to enhance employee satisfaction in Ethiopia by suggesting effective kinds of leadership style. The paper has also an importance by filling the gap by testing empirical results, which is done in other countries on the Ethiopian banking context. To this end, the paper identified the nature and extent of leadership styles effects on employee satisfaction in the bank of Abyssinia case and thereby gave insight about how to use effective leadership style. Moreover, it paved the ways for future study on related areas

1.7 Scope of the Study

The scope of this study was limited on bank of Abyssinia S.C head office. In order to conduct an in-depth study and to make the research manageable and cost effective, the study focused on the head office and three districts that are located in Addis Ababa. The study focuses only on the effect of transformational, transactional and laissez-faire leadership styles on employee satisfaction of the Bank. Cross sectional data was gathered by using Multifactor Leadership Questioner (MLQ) and self-developed data gathering device and arranged in panel way before analysing using the descriptive and inferential statistics.

1.8 Operational definition of the study

Table 2.1: operational definition

Key term	Operational definition	Author
Leadership	a procedure that influences, directs, and guides individuals toward accomplishing collective objectives.	(Obodougo 2017)
employee satisfaction	The degree to which employees feel positively about their job, work environment, and the organization they work for, as directly measured through employee surveys, feedback, and observed behaviors.	Mwita (2000)
Transformational leadership	a method of persuasion whereby leaders help their subordinates see things differently and shift their perspective on what matters and the possibilities and problems in their surroundings.	(DiFranza, 2019)
Transactional leadership	a leadership approach that sees everything in terms of contractual agreements, both stated and implied. Every job assignment, together with the terms of employment, norms of conduct, and benefit plans, are clearly stated. Self-interest is prioritized.	(Gopal and Chowdhury 2014)
Lazier leadership	a leadership approach in which the leader does not personally monitor the group members and does not take regular feedback or communication into consideration	(Hannah, Avolio et al. 2008)

1.9 Organization of the Study

The research study was organized in to five chapters. The first chapter deals with the introduction of the study that basically addresses background of the study, Statement of the problem, objectives of the study, research questions, limitation in this study and definition of key terms. Chapter two contains reviewed literatures about leadership and organizational culture concepts and theories. Chapter three includes the research methodology. Chapter four will include data presentation, analyses and interpretation. Finally, chapter five will include summary of major findings, conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature Review

In this study, three different types of leadership theories are recognized and examined. These three theories are Situational or Contingency Theory, Behavioral Theory, and Traits Theory.

2.1.1 Trait Theory

The concept of specific virtue functions as the underlying principle for trait theory, commonly referred to as "virtue theory." Consequently, individuals in positions of leadership manifest as "inherently gifted leaders" who take the lead and orchestrate occurrences, yet struggle to establish any form of facilitation. On occasion, these attributes are innate qualities (Verawati and Hartono 2020). According to attribute theory, leaders and followers possess distinct fundamental personality characteristics. The essential element for achieving successful leadership lies in the leader's traits, which provide an additional level of systematic arrangement for the assessment of leaders. The great man theory serves as the fundamental basis for this theory. (Seidel, Saurin et al. 2019).

Unlike what proponents of the trait theory would have you believe, research supporting those traits was not entirely responsible for classifying an individual's likelihood of becoming a successful leader. Rather, these traits were viewed as requirements that endow a person with the capacity for leadership. Because innate skills still require help for development, the Traits hypothesis was criticized for failing to acknowledge that leadership capacity may be hereditary through education, experience, and coaching. Although it appears dim, characteristics of leaders have an impact on the outcomes of followers; It doesn't take some things into account. It is challenging to pinpoint the characteristics that will be linked to a great leader because there is an endless number of them (Robinson, Hearne et al. 2020).

2.1.2 Behavioral Theory

Behavioral theories of leadership contend that effective leaders are created, not born. According to this notion, a leader is defined by their actions rather than their character. Anyone may become a leader if they actively study and absorb effective leadership tactics from an accomplished leader. (Amy, Carter et al. 2019). The majority of theories highlight particular behaviors that set leaders apart from non-leaders. The trait theory, on the other hand, asserted that a leader is born with certain fundamental characteristics. For example, a person might have been born into a family that is known for allowing people to take advantage of them and for showing little or no resolve. Another person can come from a family of wealthy and influential people who are renowned for having natural leadership skills. In theory, the person from the earlier family adopts and supports submissive tendencies, whereas the one from the later family adopts and supports important behaviors (Benmira and Agboola 2021).

2.1.3 Situational or Contingency Theory

The tenet of situational leadership is that there isn't a single optimal style of leadership. These profits challenge the universally applicable "view of leadership." Alternatively, the theory emphasizes that varying degrees of leadership may also be necessary, depending on the circumstances. The first thing that leaders should do is identify and prioritize the most crucial duties. Subsequently, the ability and readiness of the group can be examined in order to shape the quantity of readiness followers. Lastly, leaders employ the most appropriate style of leadership for the given situation, which is defined as assigning, guiding, coaching, and supporting (Bashir, Rana et al. 2022).

It is appropriate to adopt a task-oriented leadership style when the circumstances are highly advantageous or disadvantageous for the leader. When the leader and followers have strong power, their tasks are well defined, and the leader exercises competent leadership, a favorable situation arises. In the event of an adverse event, the opposite is true. Fiedler's contingency model demonstrates how collaboration between the leadership style and, consequently, the amount of control the superior has over the situation, is necessary for cluster performance or value (Fiedler 2019).

It is appropriate to adopt a task-oriented leadership style when the circumstances are highly advantageous or disadvantageous for the leader. When the leader and followers have strong power, their tasks are well defined, and the leader exercises competent leadership, a favorable situation arises. In the event of an adverse event, the opposite is true. Fiedler's contingency model demonstrates how collaboration between the leadership style and, consequently, the amount of control the superior has over the situation, is necessary for cluster performance or value. Furthermore, according to this view, the most effective leaders are those that possess the adaptability to modify their behavioral style and select the appropriate approach depending on the circumstances. This idea also aids in assessing and comprehending how their behavioral patterns impact the dynamics within the team. It also assists managers in choosing how to act as a leader and in striking the correct balance between various leadership philosophies (Güttel and Kratochvil 2023).

2.2 Types of Leadership Style

There are many different types of leadership styles, depending on the leader's temperament, the situation in the cluster, and the issue at hand. Various theories, including as trait theory, behavioral theory, situational or contingency theory, and transformational theory, are used to explain leadership style. In line with those views, situational elements influence effective leadership. Nonetheless, this notion clarifies that a pacesetter encourages and assists his or her followers in completing their objectives (Shahbal, Al-Kubaisi et al. 2022). In order to accomplish organizational objectives, a leader must actively solicit the voluntary cooperation of their subordinates through the process of social influence known as leadership (Han, Yim et al. 2023). The majority of leadership is culturally oriented, embracing customs, beliefs, and values as well as being preoccupied with (Prideaux 2008).

Thanh and Quang (2022) categorized leadership styles into three categories: transactional, laissez-faire, and transformational. The researcher employed transactional, laissez-faire, and transformational leadership styles to investigate the impact of leadership styles on organizational performance. The ensuing sections provide an explanation of each leadership style.

2.2.1 Transformational Leadership

The goal of transformation leadership is to elevate followers' performances, confidence, and behaviors to the advanced monarchy of motivation. In other words, the leader inspires followers to strive for even greater success and performance than they have attained thus far (Alsharif, Shu et al. 2021). The goal of transformation leadership is to elevate followers' performances, confidence, and behaviors to the advanced monarchy of motivation. In other words, the leader inspires followers to strive for even greater success and performance than they have attained thus far. (Mbindyo, O'Connor et al. 2021).

2.2.2 Transactional Leadership

One leadership style involves discussing worthwhile topics with followers in order to better both their own and their followers' interests or needs. However, this type of leader places incentives on prizes for inspiration, productivity, and successfully completing tasks (Qomariah, Nyoman et al. 2022). After reviewing the theories of leadership, transactional leaders have concluded that these theories have changed throughout time. Unlike transformational leadership, which focuses on the personal growth of followers, transactional leadership does not individualize the needs of followers. The first theories of leadership focused on the traits and actions of effective leaders; later ideas began to take followers' roles and the nature of leadership into consideration; yet others tended to emphasize transactional and transformational leadership (Benmira and Agboola 2021).

2.2.3 Laissez-faire Leadership Style

Relevance, a laissez-faire leadership style, does not entail the leader supervising the group personally or giving regular feedback. In particular, it gives the participants complete autonomy and self-determination to make choices related to finishing the task (Ahsan and Khalid 2023). However, should the members need aid at any time, the leader is available to provide direction.

This particular style has a flaw. For example, it is not the simplest style when members lack the knowledge or abilities necessary to finish the task or make decisions; if members are unable to manage projects, set deadlines, or resolve conflicts, the task may not be completed, may be completed after the deadline, may be completed with numerous errors, or may completely deviate from the intended path. Additionally, there might not be as much cohesiveness within the

cluster at times when the leader is not present because it could be interpreted as the leader not caring at all. Rather than implementing this style during routine business operations, the leader should only use it when they are certain that the group members won't face difficulties. Nonetheless, the majority of scholars divide leadership into two categories: transactional and transformational (Abbas and Ali 2023).

2.3employee satisfaction

Performance is an organization's ability to accomplish its goals and fulfill its mission. The majority of companies also evaluate their performance in terms of their "efficiency" in allocating resources, which indicates how best to use funds in order to achieve the intended outcomes. Ultimately, in order for an organization to endure throughout time, it needs to be both "financially viable" and "relevant" to its stakeholders and their evolving requirements. A company's performance in relation to its aims and objectives is analyzed as part of organizational performance. Real-world effects or outputs in comparison to projected outputs are another aspect of organizational performance (Pires 2023).

Affectively responding to events from the workplace as a whole, as opposed to just given tasks, is what it means to be satisfied with one's employment. (García-Morales, Jiménez-Barrionuevo et al. 2012). According to Alshurideh (2022), Organizational performance is the process of converting inputs into outputs in order to accomplish specific goals. Performance provides information on the relationships between realized output and efficiency, between minimal and effective cost and economy, and between output and effectiveness. The effectiveness of an organization's current and future business strategies is heavily dependent on the performance of its workforce. It is the responsibility of the corporate leadership to draw in new talent and inspire people to perform better (Khan 2021).

2.4 Empirical Literature Review

Numerous global research have been conducted on the relationship between leadership style and employee satisfaction. A variety of levels of management and leadership are required depending on the circumstances, according to empirical research on the impact of leadership style on employee satisfaction in Kenya. The research analyzes the leadership style used by overall management as valid with regard to its effect on organizational performance at UNEP (Koech

and Namusonge 2012). However, a leader's first duty is to determine what their top priorities are. They need to assess the aptitude and readiness of the group in order to represent the degree of willingness of their followers. A leader must choose the best management style for the situation based on how these elements balance out (Gachingiri 2015).

While transformational leadership styles have no effect on an employee satisfaction, transformational leadership styles directly affect it (Baig, Iqbal et al. 2021). The chosen leadership scopes and employee satisfaction have both a positive and a negative link. Originally, there was an unfavorable link between organizational performance and transactional, charismatic, and bureaucratic leadership styles. Effective leadership does not encourage high turnover intention or convince employees to perform better (Yasin 2021).

For short-term or small-scale projects, charismatic and bureaucratic leadership styles are effective. However, when considering the long-term and future prospects, these styles are ineffective because they do not promote employee advancement, which does not result in consistent performance from the workforce. Nonetheless, there is a positive correlation between administrative effectiveness and the leadership philosophies of autocracy, transformation, and democracy. This demonstrates how these three leadership styles encourage employees to execute more effectively and at the expected level. (Al Khajeh 2018).

Ethiopia gave public service groups permission to create a community that was seeking better services. Nonetheless, leaders are not required to see these needs and change their organizations. One of the main challenges is the absence of transformative leadership traits. In 18 areas of employee satisfaction, managers at various levels differ significantly from one another. The results of transformational leadership and its application in Ethiopia's public service organizations demonstrate that the leaders lack imagination, inspiration, or the innovative solutions needed to address the issues that their colleagues in the organization face (Duressa and Asfaw 2014).

Even with certain improvements, Ethiopia's public service organizations' existing leadership approach falls short of meeting the needs of both internal and external customers. Less than the expected amount is accomplished in terms of the government improvement plans. Organizations were less competitive in their efforts to improve performance efficiency and less focused on their

big ambitions. There are not enough qualified leaders in public service organizations to carry out reform initiatives, and there is little chance for these leaders to inspire followers to be more creative. (Duressa and Asfaw 2014).

Recent empirical investigations have demonstrated that Transformational leadership has the capability to enhance the performance of followers as well as the outcomes of businesses(Saputra and Mahaputra 2022). Laissez faire leadership is the most effective variable on employee performance at Dashen Bank, according to a study by Mohamed (2016) on the impact of leadership style on employee performance.

According to a review of the literature, the majority of earlier studies found a substantial relationship between employees' performance and transactional and transformational leadership styles (Mohamed 2016). (Demissie and Gajendran 2016) also studied the impact of different leadership philosophies on the acceleration of organizational performance in the government bureaus in the Benishangul Gumuz region of Ethiopia. They concluded that the three leadership philosophies they had identified were beneficial and had an impact on government agencies' output. This study actually shown that the employee satisfaction of the Benishangul Gumuz Regional State agencies is comparatively more affected by transformational leadership style.

2.5 Conceptual Framework

As discussed in the reviews, there is substantial empirical research that supports the argument that leadership plays a vital role in influencing organizational culture. The study would try to explore the three leadership styles that used to be practiced and how employee satisfaction was affected by them. The conceptual framework for the study is presented below: The conceptual framework of the study will show the dependent variable and independent variable. The dependent variable which known as outcome variable is the employee satisfaction. The dependent variable consists the four cultural traits. On the other hand, independent variables of the study will be classified under leadership styles (transformational, transactional and laissez-fair)

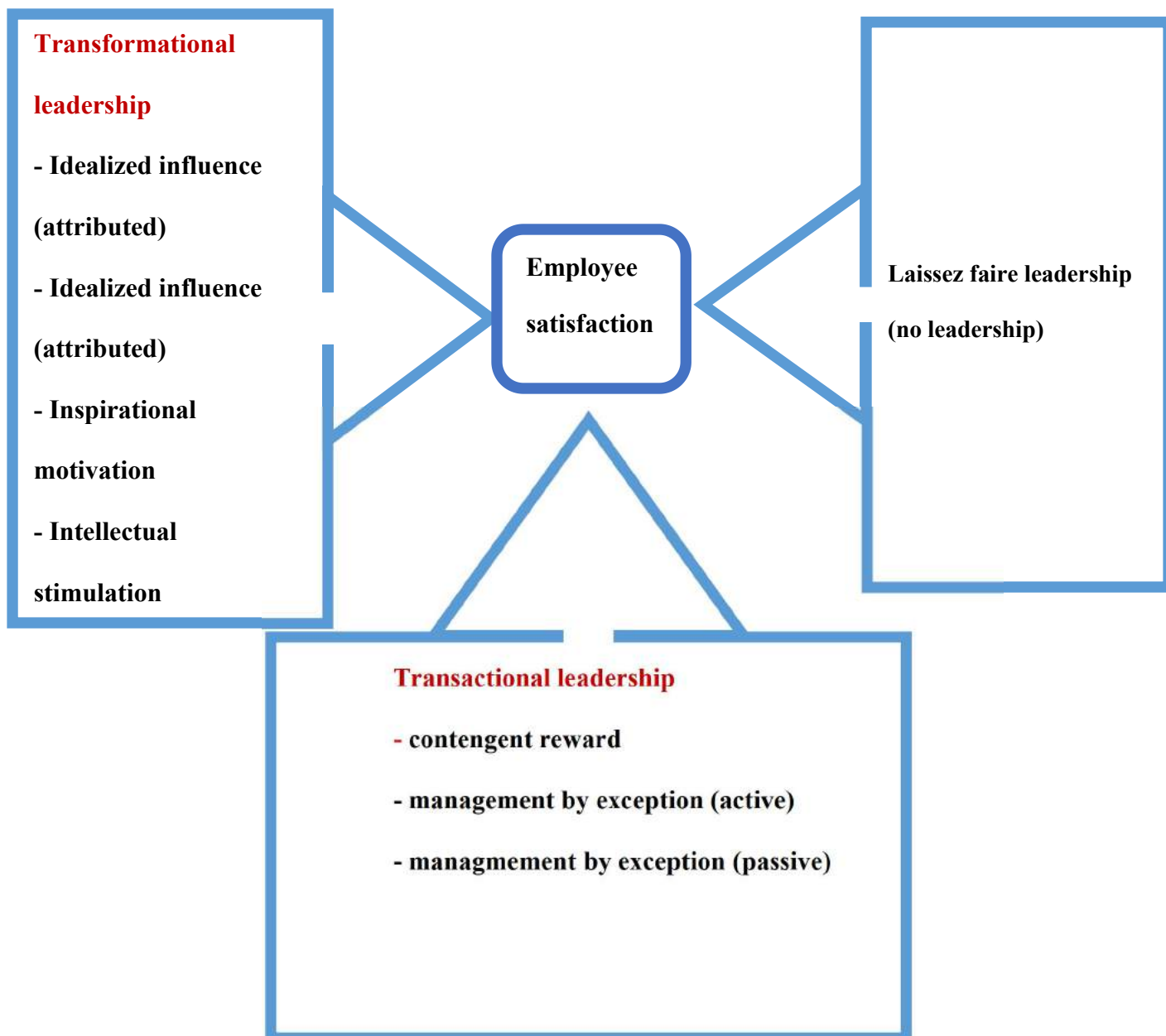


Figure 2: Conceptual Framework of leadership styles and employee satisfaction

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a means to methodically explain the research problem. It is a discipline of grinding how research is done systematically (Kothari 2004). This chapter discusses the practical approaches to address the research questions and achieve the purpose of the research. This includes the procedures used in compiling and analyzing the study's data by comparing alternative study area, research design, population size, study population, sampling strategies, data collection method, instruments, data quality control, data analysis, and procedure options. As a result, the following sections give a thorough explanation of the study's research methodology.

3.2 Research Design

The purpose of this study was to investigate the effect of leadership styles on bank of Abyssinia performance. The research assesses the nature of relationship and its extent between independent and the dependent variables. The leadership styles: transformational, transactional and laissez faire are the independent variables while, employee satisfaction is dependent variable. The research method employed in the study was quantitative, used to describe trends or tendency between variables. The quantitative research method was appropriate for this research because the nature and extent of relationship between the variables was calculated, measured, and explained statistically.

3.3 Research Approach

This study aimed to evaluate the impact of leadership style on employee satisfaction within the context of the Bank of Abyssinia. The researcher employed a quantitative methods by using questionnaires.

3.4 Population of the study

Target population of this study was employees working in bank of Abyssinia nine department at head office namely human resource, digital banking, online banking, credit, international

banking, customer contact center, retail banking, finance, and marketing management department. In addition to this employee of three district office located in Addis Ababa is also included as target population. The target population defines the units for which the findings of the research are meant to generalize. There are one hundred forty-two employee and seventy-six at head office and district office respectively. This means the total number of target population is 218.

3.5 Sampling Techniques

Stratified Random Sampling Design (SRSD) was used to arrive at the strata to be considered. According to Mugenda and Mugenda (2003), sampling is a procedure through which some elements are selected from the population to be representatives of the whole group. The reason for using SRSD in this particular study was because it focuses on important sub-populations and ignores irrelevant ones, allows use of different sampling techniques for different sub-populations, improves accuracy of estimation and permits greater balancing of statistical power of tests of differences between strata by sampling equal numbers from strata varying widely in size.

In order to get manageable sample size, the following Solvin's formula was used. Accordingly, the sample size of this study was computed as follow

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

$$n = \frac{218}{1 + 218(0.05)^2}$$

$$n = \frac{218}{1 + 218 * 0.0025}$$

$$n = \frac{218}{1.54}$$

$$n = 141$$

Where N is target population, n is sample size and e is margin of error. In this regard 64.8% of the total population was included for the study.

3.6 Sources of Data and Data Collection Techniques

3.6.1 Data Type and Source

To accomplish the study's general and specific objectives, primary and secondary data sources was used. As Malhotra, Peterson et al (2006) stated, In order to specifically address the issue at hand, the researcher gathered primary data, even if doing so was costly and time-consuming. The primary data was gathered via structured questionnaires. The district office and several sections of the bank were the primary sources of information. The secondary sources of data include a variety of records from the previous year, the internet, journals, periodicals, research papers, and different reference books about leadership style and the effectiveness, expansion, and profitability of organizations. The secondary data gave the researcher a foundation for comparison with the data that they collect and aids in improving their comprehension of the issue. In doing so, the researcher used secondary data analysis to look at a different angle on the study's research topics. According to Malhotra, Peterson et al (2006), gathering primary data usually requires first looking through the secondary data that is already available.

3.6.2 Data Collection Methods

The methodical and calculated gathering of information based on research variables is known as data collection. (Cooper and Schindler 2014). To obtain primary data from Bank of Abyssinia personnel, the researcher applied the survey data collection approach. Cooper and Schindler (2014) defined a survey as an instrument process that uses structured closed-ended questions to gather data during a highly structured interview. A structured questionnaire was used in the survey method to gather data.

3.6.3 Data Collecting Instruments

Structured closed-ended surveys and two open-ended questionnaires was the major tools used to collect primary data from bank personnel. The questionnaire was divided into three primary sections in order to fulfil the research's objective. The questionnaire was divided into three sections: the first covered the demographics of the respondents; the second covers the impact of leadership styles on job satisfaction among employees; and the third section covered various leadership styles, including questions about transformational, transactional, and laissez-faire styles.

3.7 Methods of Data Analysis

Data analysis is the act of condensing collected data to a more manageable and easy size so that a researcher can begin to spot trends or patterns, use statistical methods, and provide an overview of the information (Cooper and Schindler 2014). The data cleaning activity, which includes the detection of errors and omissions, was carried out by carefully reviewing the completed questionnaires and examining them for accuracy and completeness after the time allotted for filling them out has passed and the completed questionnaires have been returned.

The data was next coded and sorted. To examine the information gathered, SPSS V.25, the Statistical Package for Social Sciences, was utilized. Because it can handle a broad variety of the most popular statistical and graphical data analysis, SPSS was recommended. To achieve the above goals, this study employed both descriptive and explanatory designs. The data was summarized and presented using descriptive statistics, such as frequencies, percentages, means, and standard deviations. Furthermore, the researcher applied inferential statistics to aid in the recognition of significant patterns, pinpoint potential correlations between variables, and assess the degree to which the leadership styles impacts employee satisfaction. Regression analysis and correlation was used in this regard.

3.8 Specifications of the Research Model

The following logistic regression model was created to investigate how organizational performance is impacted by leadership styles. The variables that must be specified in the review of the literature were carefully chosen. The logistic regression equation is a linear model of the log odds of being satisfied over the odds of being unsatisfied, even though it is a nonlinear model of probability. (Siemsen, Roth et al. 2010). In other words, this model defines odds as the ratio of the probability of being satisfied to the probability of being dissatisfied.

The model states the logistic regression equation thus:

$$= \log \left(\frac{p(y = 1)}{1 - p(y = 1)} \right) = \beta_0 + \beta_1 \text{TFL} + \beta_2 \text{TSL} + \beta_3 \text{LFL}$$

Where: P is employee satisfaction, β_0 is the intercept, $\beta_1 - \beta_3$ are model parameters and; TFL, TSL & LFL are independent variables denoted to Transformational leadership, Transactional Leadership & Laisses-faire Leadership.

Therefore, the log it function provides the logarithm of the odds, or log-odds, when the functions variable represents p , which is the probability (Sperandei 2014). The coefficients can be interpreted in terms of odds ratios, which represent the amount of change in the odds given a unit change in the independent variable. The relevant test for conducting Logistic regression model according to Almquist, Ashir et al (2014) are the absence of outliers, linearity, normality, the absence of multi collinearity.

3.9 Validity and Reliability

3.9.1 Validity

Validity of an instrument is how accurate the instrument is in obtaining the data it intends to collect (Mugenda and Mugenda 2003). Validity indicates the degree to which the instrument measures what it is supposed to measure (Kothari 2004). To ensure precision, relevance and content validity of the instrument, the questionnaire was subjected to critical evaluation by the researcher and the advisor. Discussions were held with advisor in department, who went go through the instruments to evaluate if it contained representative sample.

3.9.2 Reliability

To measure the consistency of the scores obtained, and how consistent they were for each individual from one administration of an instrument to another and from one set of items to another, the study used Cronbach's alpha using data from all the respondents. Separate reliability tests for each of the variables were computed. The key statistic in interpreting the reliability of the scale were the alpha listed under the reliability coefficient section at the end of the output. The value of coefficient alpha ranges from zero (no internal consistency) to one (complete internal consistency). A reliability coefficient of .70 or higher were considered "acceptable" in most social science research situations). Hair, Money et al. (2007) mentioned that the rationale for internal consistency was that the individual items or indicators of the scale should all be measuring the same construct and thus be highly inter-correlated.

3.10 Ethical consideration

Ethical clearance was obtained from Addis Ababa University college of business and economics research and ethics committee. And permission was obtained from each study participant before the beginning of the data collection and then the objective of this research was explained to the study participants. After brief explanation, those who have willingness to participate were included. Participation were voluntary and they could withdraw from the study at any time if they were not comfortable with the interview. To keep the confidentiality of any information provided by study participants, the data collection procedure was anonymous.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

The study had conducted a survey and through stratified random sampling method selected staffs of from the two major categories i.e. management and bank officer staffs of bank of Abyssinia. The researcher distributed the questionnaires to the respondents from each stratum in a randomly basis. Self-completion questionnaires, which are simple and easy to understand, were designed to collect data from the target groups. The researcher issued a total of 141 questionnaires (having 39 questions) in person to the respondents and only 132 were filled and returned giving a response rate of 94% as indicated in table 4.1 below. The data was collected in February 2024.

NO	Description	Respondents
1	Total target population	218
2	Designed sample size	141
3	Questionnaire distributed	141
4	Questionnaire returned	132
5	Response rate (%)	94%
6	Usable response	132

Table 4.1: Response Rate of the Respondents

As it was indicated in the previous sections, the questionnaire was distributed to staffs of Bank of Abyssinia across each stratum i.e. management and bank officer staffs. The response rate across each stratum in the bank is presented as follow;

no	stratum	Total strata size	Proportionate sample size	No of respondents	Response rate
1	Managerial level	39	26	21	80.7%
2	Bank officer	179	115	111	96.5%
	Total	218	141	132	94%

Table 4.2: Response Rate across the Target Population

A pilot test has carried out over 15 respondents (10% of the desired respondents) in order to evaluate the completeness, precision, accuracy and clarity of the questions toward addressing the research objectives and the overall objective of the study. The changes and suggestions of the respondents were incorporated to the questionnaires to ensure all aspects are sufficiently covered. An introduction of the study was included in the questionnaires explaining the purpose of the study. This was preceded by seeking permission from the bank top management and from each respondent. The whole exercise was conducted within three weeks.

4.1.2 Demographic Information of Respondents

The questionnaire had four questions that required respondents to disclose their biographic information in terms of gender, education level, and number of years worked in the organization and their current departments. This section gives an overview of demographic information of the respondents.

Table 4.3: Demographic Information of the Respondents

Variable	category	FREQUENCY	PERCENT	CUMULATIVE PERCENT
gender	male	78	59.1	59.1
	Female	54	40.9	100.0
Education level	1 st degree	78	59.1	59.1
	2 nd degree and above	54	40.9	100
Work experience	<2	32	24.2	24.2
	2 - 5	74	56.1	80.3
	6 - 15	22	16.7	97.0
	➤ 16	4	3.0	100.0
department	Managerial	21	15.9	15.9
	officer	111	84.1	100.0

Gender of Respondents; Out of the 132 respondents for the study, 78 were male (59.1%) whilst 54 were female (40.9%). It is obvious that the data was bias towards male. Even though the focus of the study is to assess the effect of leadership styles on the organizational performance of the bank which has no gender consideration, the proportion of male to female is not proportion. This implies that the there is large number of male staffs than women in the bank.

Educational Background of Respondents; with the educational background, majority of the respondents (i.e. 59.1% out of the total respondents) have said that they possessed the first

degree; and 40.9% possessed above the first-degree educational level. Hence, 100% of the respondents working in bank of Abyssinia have possessed first degree and master degree of educational level. This implies that all of the respondents have an educational level at least 1st degree level.

Year of experience in the bank; in order to gauge the quality of data for the study the respondents were asked to indicate the length of time/years they had spent with the bank. The results indicate that majority of the respondents (i.e. 56.1%) had spent 2 up to 5 years in the bank. Besides this, 24.2% of the respondents had spent less than 2 years in the bank whilst 16.7% of the respondents had spent 6 - 15 years in the bank. The remaining 3 % of the respondents revealed that they had spent more than 2 years in the bank. This implies that 97 % of the respondents have worked in the bank for below 15 years.

Work Department; As it was indicated in the previous section, the organizational structure of bank of Abyssinia indicates that the staff of the bank is categorized as managers and officer staff. As indicated in the above table, 84.1% of the respondents are bank officers whilst 15.9 % of the respondents are from managerial category.

4.2 Descriptive Analysis

This section discusses about the perceived leadership styles of bank of Abyssinia as per the employees of the bank. In this section, the first research question i.e. identifying the dominant leadership style in the bank is addressed. Reliability tests confirmed the adequacy of the scales used. Results of the data analysis to answer the research questions and test the hypotheses are in written descriptions as well as in table format.

4.2.1 The Practices of Leadership Styles in the bank

This section attempts to discuss the result of the practices of leadership styles in bank of Abyssinia. As indicated in the conceptual framework, the leadership styles reviewed hereunder is transformational leadership, transactional leadership and laissez-faire leadership styles. The questions were presented in dichotomous variable in the form of yes and no options. The proceeding sections contain the summary statistics for the scales that result from taking means across the constituent scale items.

4.2.1.1 Transformational Leadership Style

This section presents the descriptive information on the perceived transformational leadership practice in the bank according to the employees of the bank. The respondents were required to respond the statements to a scale ranging between 0 (for no) and 1 (for yes). The summary statistics for the scales that result from taking means across the constituent scale of transformational leadership is presented in table 4.4 below

Table 4.4: Descriptive Statistics of Transformational Leadership Style

Descriptive Statistics

Transformational leadership style	N	Mean	Std. Deviation
The organization leaders allow customers and employees to be a part of decision-making process	132	.70	.458
The organization leaders provide guidance without pressure	132	.71	.454
The leaders make frequent and supportive communication.	132	.80	.405
The leaders help employees and customers to accept responsibility for completing their own duty	132	.80	.399
The Leaders help the customers by providing different current information	132	.81	.393
The leaders help the organization community to find their passion	132	.77	.421
The bank is keen to hold regular meetings with departments managers and customers to coordinate the work	132	.82	.387
Valid N (listwise)	132		

From the above table 4.4, in reference to the mean, most of the respondents agreed that the bank is keen to hold regular meetings with departments managers and customers to coordinate the

work (Mean = 0.82, SD= .387). The respondents also agreed that The Leaders help the customers by providing different current information (Mean = 0.81, SD = .393). Relatively, among the variables of transformational leadership practices, respondents showed the least agreement for “The organization leaders allow customers and employees to be a part of decision-making process” (Mean = 0.70, SD= .458) followed by “The organization leaders provide guidance without pressure” (Mean = 0.71, SD= .454). The average mean of perceived transformational leadership practice in the bank with 132 respondents is found as Mean = 0.77 and SD = .18.

This implies that the leaders of the bank are striving to satisfy their customers. For instance, the leaders of the bank are providing different information’s to the customer, hence customers do not feel that there is lack of information on different issues. This also indicates that the bank is good at communication

4.2.1.2 Transactional Leadership Style

This section presents the descriptive information on the perceived transactional leadership practices in the bank according to the employees of the bank. The respondents were required to respond the statements to a scale ranging between 0 (for no) and 1 (for yes). The summary statistics for the scales that result from taking means across the constituent scale of transactional leadership is presented in table 4.5 below.

Descriptive Statistics

Transactional leadership style	N	Mean	Std. Deviation
The organization leaders believe that employees need to be supervised closely.	132	.43	.497
The organization leaders believe that most employees in the general population are lazy	132	.25	.435
Time to solve customer complaints is short	132	.42	.496
As a rule, leaders believe that employees must be given rewards or punishments in order to motivate them to achieve	132	.36	.481

organizational objectives			
I feel insecure about my work and need directions from leaders	132	.32	.468
The leaders are the chief judge of the achievements of the members of the group	132	.39	.490
The leaders gives orders and clarify procedures	132	.40	.492
Valid N (listwise)	132		

Table 4.5: Descriptive Statistics of Transactional Leadership Style

From the above table 4.5, in reference to the mean, most of the respondents agreed that the organization leaders believe that employees need to be supervised closely. (Mean = 0.43, SD= .497). Most of the respondents also agreed that the time to solve customer complaints is short (Mean = 0.42, SD= .496). Relatively, among the variables of transactional leadership practices, respondents showed the least agreement for “The organization leaders believe that most employees in the general population are lazy” (Mean = 0.25, SD= .435) followed by “I feel insecure about my work and need directions from leaders” (Mean = 0.32, SD= .468). The average mean of perceived transactional leadership practice in the bank with 132 respondents is found as Mean = 0.69 and SD = .21. This indicates that even though leader of the bank are good at communication and collecting complaints as indicated in the preceding section, they are not solving complaints of customers with in short period of time. Besides this, employees of the bank are not rewarded or punished and hence they are demotivated to achieve organizational objectives. However, transactional leadership style is understood to be the exchange of rewards and targets between employees and management (Howell, 1993).

4.2.1.3 Laissez-Faire Leadership Style

This section presents the descriptive information on the perceived laissez-faire leadership practices in the bank according to the employees of the bank. The respondents were required to respond the statements to a scale ranging between 0 (for no) and 1 (for yes). The summary statistics for the scales that result from taking means across the constituent scale of laissez-faire leadership is presented in table 4.6 below.

Descriptive Statistics

	N	Mean	Std. Deviation
In complex situations, the leaders allow employees to work problems out on their own	132	.65	.478
Leaders stay out of the way of subordinates as they do their work	132	.64	.483
As a rule, leaders should allow employees to appraise their own work	132	.72	.451
leaders give complete freedom for the employees to solve problems by their own	130	.65	.478
In most situations, employees prefer little input from their leaders	132	.81	.393
There is lack of communication between leaders and employees	132	.78	.416
There is poor working relationship	132	.73	.443
Valid N (listwise)	130		

Table 4.6: Descriptive Statistics of Laissez-faire Leadership Style

From the above table 4.6, in reference to the mean, most of the respondents agreed that in most situations, employees prefer little input from their leaders (Mean = 0.81, SD= .393). Relatively, among the variables of laissez-faire leadership practices, respondents showed the least agreement for “Leaders stay out of the way of subordinates as they do their work” (Mean = 0.64, SD= .483) and “leaders give complete freedom for the employees to solve problems by their own” (Mean = 0.65, SD= .478). The average mean of perceived laissez-faire leadership practice in the bank with 132 respondents is found as Mean = 0.56 and SD = .23.

4.2.1.4 The Dominant Leadership Style in the bank

Table 4.7 contains the summary statistics for the scales of leadership styles in bank of Abyssinia as perceived by the employees of the bank. It results from taking means across the constituent scale items. By identifying the leadership scale with the highest score, we can learn which leadership style is the dominant one in the universities

Variables	N	min	max	mean	std
Transformational Leadership Style	132	0	1	.77	.18
Transactional Leadership Style	132	0	0.85	.37	.20
Laissez-faire Leadership Style	132	0.14	1	.71	.19
Valid N (listwise)	132				

Table 4.7: Descriptive Statistics of the three Main Leadership Styles

As indicated in the above table 4.7, the transformational leadership scale ranges from 0.00 to 1.00 with a mean of 0.77 (SD =0.18). The transactional leadership scale ranged from 0.00 to 0.85 with a mean of 0.37 (SD =0.20). In addition, the result on the laissez-faire leadership scale ranged from 0.14 to 1.00 and an average of 0.71 (SD =0.19). In order to know the dominant leadership style in the organization as perceived by the employees of the organization, the mean rank of the three leadership styles are analyzed. In order to rank as per their importance, the study used Friedman Test and the result is presented as follow;

Friedman Test Mean Ranks of Leadership Styles

Transformational Leadership Style	2.52
Transactional Leadership Style	1.16
Laissez-faire Leadership Style	2.31

Source: Compiled from survey questionnaires using SPSS V 25, 2024

The result as indicated in the above table revealed that the most dominant leadership style in bank of Abyssinia is transformational leadership style with the highest mean rank (2.52). The laissez-faire leadership style is the second most common/dominant type of leadership in the bank with a mean rank of 2.31 and transactional leadership is found to be the least common leadership style in the bank with a mean rank of 1.16. In order to test whether these observed differences are statistically significant or not, the researcher applies the Friedman procedure test. The SPSS output of the Friedman Test Statistics for the three leadership styles in the organization is shown below.

Friedman Test Statistics for Leadership Styles

Test Statistics^a	
n	132
Chi-square	154.812
df	2
Asymp. sig	.000
a. Friedman Test	

As reported in the above table above, the computed Friedman Chi-square statistics is 154.812 with two degree of freedom and the Asymptotic p-value is 0.000, which is less than 0.05. Hence,

we conclude that the observed differences in the rankings among the three leadership styles in the organization are not simply by chance. From this, the study concludes that transformational leadership is dominantly practicing in the bank. This means that leaders in the bank concentrates on the development of followers as well as their needs. Transformational leadership style concentrates on the development of followers as well as their needs. Managers with transformational leadership style concentrate on the growth and development of value system of employees, their inspirational level and moralities with the preamble of their abilities(Ismail, Halim et al. 2009).

As stated by (Bass and Avolio 1993), transformational leadership happens when leader become wider and uphold the interests of the employees, once they generate awareness and acceptance for the purpose and assignment of the group, so when they blend employees to appear beyond their own self-interest for the good of the group. This also indicate that leaders of the bank encourage followers to view problems from new perspectives, provide and encouragement communicates a vision, stimulates emotion. (Podsakoff, MacKenzie et al. 1990) also disclosed transformational leadership had active influence on individual and organizational outcomes such as employee satisfaction and performance. Higher levels of transformational leadership were associated with higher levels of group potency.

By far the most dominant style reported was transformational, and the second most dominant style reported was laissez-faire as this study also supported it. This confirms an earlier finding by Jones and Rudd (2008) survey that as a group the deans or program directors in colleges and universities tended to prefer transformational leadership, also making use of laissez-faire leadership. The study also revealed that laissez-faire leadership is the second dominant leadership style in the bank. This means that the leader's ability to lead is contingent upon various situational factors, including the leader's preferred style. Contingency theories to leadership support a great deal of empirical freedom to leadership, (laissez-faire). This finding stresses the importance of focusing on inter personal relationships between the leader's style and the demands of various situations and employees in the bank. Under this type of leadership according to Balakrishnan and Kumar (2011) maximum freedom is allowed to subordinates. They are given freehand in deciding their own policies and methods and to make independent decisions. This indicates that there is contingent reinforcement, either positive contingent reward

or negative active or passive forms of management-by-exception in the bank. As Kahai, Sosik et al. (1997) stated the group efficiency of the employees will be better if laissez-faire leadership is well practiced in the organization. The study revealed that transactional leadership style is least practiced in the bank.

4.2.2 Employees Job Satisfaction

This section attempts to discuss the result of the perceived Employees Job Satisfaction of bank of Abyssinia as per the employees of the bank. The data is collected from the employees' perception about the issue. The questions were presented in dichotomous variable in the form of "1=Satisfied & 0= not satisfied" options. The proceeding sections contain the summary statistics for the scales that result from taking means across the constituent scale items.

The respondents were required to respond the statements to a scale ranging between 0 (for not satisfied) and 1 (for satisfied). The summary statistics for the scales that result from taking means across the constituent scale of employee job satisfaction is presented in table 4.8 below

Table 4.8: Descriptive Statistics of Employees Job Satisfaction

Descriptive Statistics			
	N	Mean	Std. Deviation
There is a defined type of leadership procedure that managers use within the bank.	132	.73	.443
The bank managers on the organization do know their exists leadership style procedure well	132	.69	.465
There is strong relationship between the leadership style the managers use in the bank and the employee satisfaction	132	.78	.416
All employees of the bank do have clear and distinctive roles and responsibilities	132	.75	.435
The managerial department prepares plan to lead or to complete tasks/work in quality way.	132	.75	.435

the Leadership style in the bank influence the stability of staff members	132	.77	.426
Leadership style employed by the managerial body affects employee job satisfaction.	132	.81	.393
Valid N (listwise)	132		

From the above table 4.8, in reference to the mean, most of the respondents have shown the highest satisfaction for leadership style employed by the managerial body affects employee job satisfaction. (Mean = .81, SD= .393). The respondents also shown higher satisfaction on “There is strong relationship between the leadership style the managers use in the bank and the employee satisfaction” (Mean = .78, SD= .416). In contrary, relatively among the variables of employee job satisfaction, respondents showed the least satisfaction for “The bank managers on the organization do know their exists leadership style procedure well” (Mean = 0.69, SD= .465). The average mean of perceived employee job satisfaction in the bank with 132 respondents is found as Mean = 0.75 and SD = .23

This implies that job satisfaction of employees in the bank is above average mean score i.e. 0.5. As indicated in the previous sections, transformational leadership style is dominant leadership style in the bank. However as indicated in the above table employees, job satisfaction in the bank is above average mean. Hence, this finding of the study is similar to the findings of Bass (1998), Li & Hung (2009), and Pereira & Gomes (2012). These researchers argued that transformational leadership has a positive impact of job satisfaction. However, the finding of this study is not supported by other scholars’ research finding such as Northouse (2013), Pieterse et al., (2010), and Wang & Howell (2010). These scholars concluded that the effectiveness of transformational leadership existed only in certain conditions. Leaders under this style encourages followers to seek innovative and creative approaches to achieve their objectives, which results into new ideas and addressing issues and finding improved solutions (Bass et al. 1994)

4.3 Correlation Analysis

This study used both descriptive and explanatory designs to reach at aforementioned objectives. Correlation analysis is one of explanatory design that is intended to see whether there is significant relations between the independent variables i.e. leadership styles such as transformational leadership, transactional leadership and laissez-faire leadership and dependent variable i.e. employees Job Satisfaction of bank of Abyssinia. The measurement that is applied here is the Pearson correlation coefficient with its associated sig.values (p-values). As stated in Almquist, Ashir et al. (2014), the correlation coefficient 1 or -1 is termed as perfect, -0.9 to -0.7 (or 0.7 to 0.9) termed as strong, -0.6 to -0.4 (or 0.4 to 0.6) termed as moderate and -0.3 to -0.1 (or 0.1 to 0.3) termed as weak. Based on this premises, the correlation analysis was conducted and presented as below;

Table 4.10: Pearson Correlation: Relationship between Leadership Style Dimensions and Organizational Performance

Variables		Transformational Leadership	Transactional Leadership	Laissez-faire Leadership
Transformational Leadership	Pearson correlation	1		
	Sig. (2-tailed)			
	N	132		
Transactional Leadership	Pearson correlation	.122	1	
	Sig. (2-tailed)	.163		
	N	132	132	
Laissez-faire Leadership	Pearson correlation	.102	.051	1

	Sig. (2-tailed)	.246	.564	
	N	132	132	132
Employee satisfaction	Pearson correlation	.190*	-0.51	.219*
	Sig. (2-tailed)	.029	0.564	0.012
	N	132	132	132

Source: Computed by the Researcher, Survey (2024)

The results in the table 4.10 show that there is a positive & statistically significant relationship between transformational and laissez faire leadership style and employees Job Satisfaction i.e. transformational leadership ($r = 0.190, 0.29; P < 0.05$), laissez-faire leadership ($r = 0.219, 0.00; P < 0.05$) . However, transactional leadership has no relationship with employees Job Satisfaction ($r = -0.51, 0.564; P < 0.05$). This finding supports a previous study conducted by Bhargavi and Yaseen (2016). Their study result shows that there is a positive relationship between the leadership styles and the employees Job Satisfaction. A study in Uganda on the effect of leadership styles on employee of local government workers, a case of Mbale district done by Gimuguni, et al (2014) also concluded that there is a moderate high positive and significant relationship between the three leadership styles (transformational, laissez-faire, transactional), and performance in Mbale local government. Sun (2002) compares leadership style with the employee satisfaction in banks and enterprises, and found that leadership style had a significantly positive correlation with employee satisfaction in both banks and enterprises. Howell and Frost (1989) cited in Fu-Jin et al., (2010) also confirm that there is a positive relation between leadership style and employee job satisfaction.

This indicates that these two styles of leadership i.e. transformational leadership and laissez-faire leadership induce the employees to have better job satisfaction with bank of Abyssinia. The strength of the relationship is the same across each leadership styles. As per the classification of relationship stated by Almaquist et al. (2016), there is a significant, positive and weak

relationship between the two leadership styles (i.e. transformational leadership style and laissez-faire leadership style) and employees Job Satisfaction in the bank. This finding supports a previous study conducted by (Duguma, 2009).

Hence, this study revealed that there is relatively weak, significant & positive relationship between transformational leadership style and employees Job Satisfaction in the bank followed by laissez-faire leadership. This indicates that transformational leadership & laissez-faire leadership styles must be promoted in the bank. This finding of the study supports a previous study conducted by Nongo (2015). Nongo (2015) conducted a research on the effect of leadership styles on employee satisfaction and engagement in three selected small scale enterprises and concluded that transformational leadership is more appropriate in inducing engagement in small scale enterprises than transactional leadership style.

As also stated by Echavarria (2018), transformational leadership succeeds best in a context of friendly, passionate and social hierarchy. This means that in order to perform well, the leadership of the bank has to allow employees to participate in decision making. Furthermore, a clear system of penalties and rewards for performance has to be establish. This finding supports a previous study of (Brand, Heyl & Maritz, 2000). Brand, Heyl & Maritz (2000) conducted a study on service, retail and manufacturing sectors that points towards the marginal impact transformational leaders have on the effectiveness of their subordinates in contrast to the strong, positive effects of transactional leaders. However, this finding of the study contradicts with a study conducted by Meyer & Botha (2000). Meyer & Botha (2000) conducted a study on the Canadian financial industry and found that transactional leadership is more strongly correlated with higher employee satisfaction and individual/organizational performance than transformational leadership

4.4 Logistic Regression Analysis

To test the effect of each leadership styles on the employees Job Satisfaction of bank of Abyssinia, a binomial logistic regression model was employed. This model is preferred because the dependent variable of the study is in binary or dichotomous in nature. Binomial logistic regression was calculated to determine whether the three leadership styles predicted the employees job satisfaction of the bank. Logistic regression also predicts the likelihood of employees job satisfaction of the bank affected by the leadership styles or not. A binary logistic

regression (often referred to simply as logistic regression), predicts the probability that an observation falls into one of two categories of a dichotomous dependent variable based on one or more independent variables that can be either continuous or categorical (Hair et al., 2010). Like all linear regressions, logistic regression is a predictive analysis

4.4.1 Diagnostic Test of Assumptions

Logistic regression is a non-parametric statistics approach. Like parametric statistics, binary logistic regression requires to fulfil certain assumptions before employing it. As recommended by Hair et al. (2010), the assumptions for logistic regression are the following

B. Multicollinearity Test

As stated by Hair et al. (2010), logistic regression requires there to be little or no multicollinearity among the independent variables. Gujarati (2004) states that multicollinearity problem arises when there is a linear relationship among explanatory variables that the result could not obtain estimates of all parameters. As stated by Almquist et al. (2015), the decision-making criteria for the existence of multicollinearity is that; if the VIF (Variance inflation factors) value lies between 1 -10, then there is no multicollinearity and if the VIF value < 1 or > 10 , then there is multicollinearity. Based on this criteria, the test were conducted on the independent variables and the result is shown as below;

Table 4.11: Multicollinearity Test

	VIF
Transformational Leadership	1.012
Transactional Leadership	1.017
Laissez-faire Leadership	1.025

Source: Compiled from Survey Questionnaires using SPSS V 25, 2024

Based on the coefficients output – collinearity statistics, obtained VIF value of transformational leadership, transactional leadership and laissez-faire leadership ranges 1 to 10. This implies that there is no multicollinearity symptom. Hence, the pre-requisite for conducting logistic regression

with this criterion is fulfilled. As recommended by Hair et al. (2010), before running the logistic regression model, all required key assumptions were tested and all the statistical analysis reported accomplishment of these criteria.

4.4.2 The Model Result

As indicated in the preceding section, there are no assumptions violated for undertaking the logistic regression analysis and get a valid result. SPSS statistics generates many tables of output when carrying out binomial logistic regression. In this section, the main focuses is on the four main tables required to understand the results from the binomial logistic regression procedure.

A. Variance Explained

In order to understand how much variation in the dependent variable can be explained by the model (the equivalent of R² in multiple regression), estimation results of the logistic regression model is displayed as below in “Model Summary” table 4.12.

Table 4.12: model summary

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	125.537 ^a	.079	.123

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Source: Computed by the researcher, from Survey Questionnaires using SPSS V 25, 2024

This table contains the Cox & Snell R Square and Nagelkerke R Square values, which are both methods of calculating the explained variation. These values sometimes referred to as pseudo R² values (and will have lower values than in multiple regression). The result of model summary implies that the explained variation in the dependent variable (i.e. organizational performance) based on our model ranges from 7.9% to 12.3%, depending on the two preferences i.e. Cox & Snell R² or Nagelkerke R² methods, respectively. Nagelkerke R² is a modification of Cox

&Snell R 2 , the latter of which cannot achieve a value of 1. For this reason, it is preferable to report the Nagelkerke R 2 value.

Therefore, Nagelkerke’s measure is relied for indicating the strength of the relationship. Based on this, the logistic regression model revealed that the estimated logistic regression model could explain approximately 12.3% of the variation in the dependent variables (employees Job satisfaction). Thus, it can be concluded that the logistic regression model fits the sample data well.

B. Goodness-of-fit Test

Almquist et al. (2015) states that model fit or goodness of fit statistics helps to determine whether the model adequately describes the data. For checking this, Omnibus Tests of Model Coefficients, and Hosmer & Lemeshow Test were conducted. The Omnibus Tests of Model Coefficients is used to check that the new model (with explanatory variables included) is an improvement over the baseline model Almquist et al. (2015). It uses chi-square tests to see if there is a significant difference between the Log-likelihoods. In Omnibus Tests of Model Coefficients, a p-value (sig) of less than 0.05 for block means that the block 1 model (the new model) is a significant improvement to the block 0 (baseline model) model. On the other hand, Hosmer & Lemeshow Test assesses whether the predicted probabilities match the observed probabilities. $P > .05$ means the new model will accurately predict the actual probabilities. Based on this basis, the result is presented as follow;

Table 4.13 Goodness-of-fit test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	1.933	8	.983

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	10.886	3	.012
	Block	10.886	3	.012
	Model	10.886	3	.012

Source: Computed by the researcher, from Survey Questionnaires using SPSS V 25, 2024

The table above gives the overall test for the model that includes the predictors. The chi-square value of Omnibus Tests of Model Coefficients is 10.886 with a p-value .012 tells us that our model as a whole fit significantly better than an empty model (i.e., a model with no predictors). In the same manner, the chi-square value of Hosmer and Lemeshow Test is 1.933 with a p-value $0.983 > 0.05$ tells us that the block 1 model (the new model) is a significant improvement to the block 0 (baseline model) model. From the two tests, we conclude that our logistic regression model as a whole fit significantly.

C. Category Prediction

Binary logistic regression estimates the probability of an event occurring (Hair et al., 2010). It is very common to use binomial logistic regression to predict whether cases can be correctly classified (i.e., predicted) from the independent variables. Therefore, it becomes necessary to have a method to assess the effectiveness of the predicted classification against the actual classification. There are many methods to assess this with their usefulness often depending on the nature of the study conducted. However, all methods revolve around the observed and predicted classifications, which are presented in the "Classification Table", as shown below:

Table 4.14: Classification Table

Classification Table^a

		Predicted			
		Organizational performance		Percentage Correct	
Observed		no	yes		
Step 1	employee satisfaction	no	2	26	7.1
		yes	1	103	99.0
	Overall Percentage				

a. The cut value is .500

Source: Computed by the researcher, from Survey Questionnaires using SPSS V 25, 2024

The above table provides us the information of percentage accuracy, sensitivity percentage and specificity. Percentage accuracy reflects the percentage of cases that can be correctly classified as "no" employees Job Satisfaction with the independent variables added (not just the overall model) and sensitivity reflects the percentage of cases that had the observed characteristic (i.e. "yes" for Employees Job Satisfaction which were correctly predicted by the model (i.e., true positives). Specificity reflects the percentage of cases that did not have the observed characteristic (e.g., "no" for employees job Satisfaction) and were also correctly predicted as not having the observed characteristic (i.e., true negatives).

Based on this, the above result indicates that 99.0% is known as the sensitivity of the prediction and 7.1% is known as the specificity of prediction whilst the overall predictive accuracy is

79.5%. From this, we can conclude that 99.0% of the observed respondents who perceived that the leadership styles in the bank is affecting employees job Satisfaction and 7.1% who perceived that the leadership styles in the bank is not affecting the employees job Satisfaction were correctly predicted that gives an overall percentage of 79.5. Significantly, this is higher as compared with the null model.

D. Variables in the Equation

The "Variables in the Equation" table shows the contribution of each independent variable to the model and its statistical significance. This table is shown below

Table 4.15: variable in the equation

		Variables in the Equation					95% C.I.for EXP(B)		
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step	transformatio	2.479	1.225	4.096	1	.043	11.929	1.081	131.594
1 ^a	nal								
	transactional	-1.086	1.088	0.997	1	.318	.338	.040	2.846
	Laissez-faire	2.695	1.168	5.325	1	.021	14.802	1.501	146.013
	Constant	-1.993	1.199	2.760	1	.097	.136		

a. Variable(s) entered on step 1: transformational, transactional, laissez-faire.

Source: Computed by the researcher, from Survey Questionnaires using SPSS V 25, 2024

The Wald test ("Wald" column) is used to determine statistical significance for each of the independent variables and it tests the effect of individual predictor while controlling other predictors. The statistical significance of the test is found in the "Sig." column. Exp (B) indicates

an odds ratio. From these results we can see that transformational leadership ($p = .043$) and laissez-faire leadership ($p = .021$) added significantly to the model/prediction of organizational performance of the bank, but transactional leadership ($p = .338$) did not add significantly to the model. In another word, based on the above table, transformational leadership style and laissez-faire leadership style in the bank significantly predict the likelihood of employees Job satisfaction.

The result of the binary logistic regression also revealed that, for each one-unit increase on transformational leadership scale, the odds of being satisfied (employee job satisfaction) increased by 11.929 and for each one-unit increase on laissez-faire leadership scale, the odds of being satisfied increased by 14.802. This implies that transformational leadership style has a great impact on employee job satisfaction.

Among the three leadership styles, only transformational & laissez-faire leadership styles have a clearly positive significant effect on employees job Satisfaction of bank of Abyssinia. The transactional leadership style is statistically insignificant. This finding is supported by a study conducted by Echavarria (2018). Echavarria (2018) in his study concluded that transformational leadership has a positive influence over the employees job Satisfaction. He also stated that in this leadership style, the effective leader that allow customers and employee to be a part of decision-making process seems to be better appreciated than the leader that entails direct orders.

4.5 Hypothesis testing

Hypothesis one was examined significant and positive impact of transformational leadership on employee satisfaction. Coefficient ranges from 1.081 and 131.594. So alternative is accepted.

Hypothesis two was examined significant impact of transactional leadership on employee satisfaction. Coefficient ranges from 0.040 and 2.846. So alternative is rejected.

Hypothesis three was examined significant and positive impact of laissez-fair leadership style on employee satisfaction. Coefficient ranges from 1.501 and 146.013. So alternative is accepted.

Then the equation of the binary logistic regression would be:

$$\text{Ln [odds]} = -1.993 + 2.479\text{transformational Leadership} + 2.695\text{Laissez-fair Leadership}$$

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

This study aimed to examine the effect of leadership styles on the employees Job Satisfaction of bank of Abyssinia. This chapter presents the summary of major findings, conclusion and recommendations.

5.1 Summary of Major Findings

In order to address the first research question, descriptive analysis on the perceived leadership style practice of the three leadership styles (i.e. transformational, transactional & laissez-faire leadership) in the bank according to the employees of the bank was carried out. By identifying the leadership scale with the highest score, the study revealed that the most dominant leadership style in bank of Abyssinia is transformational leadership style with the highest mean of 0.77(SD=0.18). The laissez-faire leadership style is the second most common/dominant type of leadership in the bank with an average of 0.71(SD=0.19). Transactional leadership is found to be the least common leadership style in the bank with an average of 0.37(SD=0.20).

Correlation analysis was carried out to address the second research question. The measurement that is applied was the Pearson correlation coefficient with its associated sig.values (p-values). The study revealed that there is a positive & statistically significant relationship between transformational and laissez-faire leadership styles and employees job Satisfaction i.e. transformational leadership ($r = 0.190, 0.029; P < 0.05$), transactional leadership ($r = -0.51, 0.564; P < 0.05$) and laissez-faire leadership ($r = 0.219, 0.012; P < 0.05$). As per the classification of relationship stated by Almaquist et al. (2016), there is a significant, positive and weak relationship between transformational and laissez-faire leadership style and employees job satisfaction in the bank. Hence, this study revealed that there is relatively weak, significant & positive relationship between transformational leadership style and employees job satisfaction in the bank followed by laissez-faire leadership.

The third research question requires testing the predicted effect of each leadership styles on the employees job satisfaction of bank of Abyssinia and hence, the researcher utilized a binary

logistic regression model. This model is preferred because the dependent variable of the study is in binary or dichotomous in nature. Before conducting the binary logistic regression, the fulfilments of all the required assumptions were assessed.

The binary logistic regression analysis revealed that transformational leadership ($p = 0.043$) and laissez-faire leadership ($p = 0.021$) added significantly to the model/prediction of employees job satisfaction of the bank, but transactional leadership ($p = 0.318$) did not add significantly to the model. In another word, transformational leadership style and laissez-faire leadership style in the bank significantly predict the likelihood of employees job satisfaction.

The result of the binary logistic regression also revealed that, for each one-unit increase on transformational leadership scale, the odds of being satisfied (employee job satisfaction) increased by 11.929 and for each one-unit increase on laissez-faire leadership scale, the odds of being satisfied increased by 14.802. This implies that transformational leadership style has a great impact on employees job satisfaction in the bank. Among the three leadership styles, only transformational & laissez-faire leadership styles have a clearly positive significant effect on employees job satisfaction of bank of Abyssinia. The transactional leadership style is statistically insignificant.

5.2 Conclusions

This study has focused on the effect of leadership styles on employees Job Satisfaction in the case of bank of Abyssinia. This study answered the following questions. What kind of leadership practice in the organization? Are there significant relationships between leadership style and Employees Job Satisfaction? Which leadership style constructs high level of Employees Job Satisfaction? How the organizations improving its performance by improving its leadership practice? The focus was on only three types of leadership styles i.e. transformational, transactional and laissez-faire leadership styles.

The study concludes that the dominant leadership style in the bank is transformational leadership followed by laissez-faire leadership styles. The study revealed that there is a positive & statistically significant relationship between the three dimensions of leadership styles and Employees Job Satisfaction. However, there is significant & moderate relationship between transformational leadership style and Employees Job Satisfaction in the bank followed by laissez-

faire leadership. There is also statistically significant and weak relationship between laissez-faire and transactional leadership style and Employees Job Satisfaction. This indicates that transformational leadership & laissez-faire leadership styles must be promoted in the bank. As also stated by Echavarria (2018), transformational leadership succeeds best in a context of less order, structure and non-rigid hierarchy. This means that in order to perform well, the leadership of the bank has to motivate employee to ensure individuals perform their roles correctly and effectively. Furthermore, a system of to increase motivation and improve potentials has to be establish.

The study also concludes that transformational leadership and laissez-faire leadership styles significantly predicts the likelihood of the Employees Job Satisfaction of the bank, but transactional leadership did not predicts the likelihood of the Employees Job Satisfaction. Among the three leadership styles, only transformational & laissez-faire leadership styles have a clearly positive significant effect on Employees Job Satisfaction; and transformational leadership style has a greatest impact on employee satisfaction. The transactional leadership style is statistically insignificant.

5.3 Recommendations

The findings of the study indicate that transformational leadership and laissez-faire leadership styles significantly predicts the likelihood of the employees Job Satisfaction of the bank, but transactional leadership did not predict the likelihood of the employee satisfaction of the bank. In another word, among the three leadership styles, only transformational & laissez-faire leadership styles have a clearly positive significant effect on employee satisfaction of; and transformational leadership style has a greatest impact in bank of Abyssinia organizational performance. From this, the study recommends that laissez-faire leadership & transformational leadership styles must be promoted in the bank. With respect to these leadership styles, the following recommendations are forwarded based on the findings of descriptive analysis of the study: -

A. Laissez-fair Leadership

As indicated in the descriptive analysis, respondents revealed that in complex situation the managers of the bank allow an employee to work problems out on their own and they allow the employee to appraise their work. Besides this, the organization leaders give freedom for

employee to solve problems by their own. Hence, the bank is recommended to an employee to work problems out of their own, to appraise their work and give complete freedom for them to solve problems by their own. In this scenario, the leader of the bank does not need directly supervise the staffs and does not need to consider regular communication or feedback. Instead, they need to autonomy the staffs and empower them to form decisions that relate to their jobs. However, the leader should offer guidance for the staffs when they request assistance. While doing this, the leaders have to ensure that the staff members have sufficient knowledge or skills required for completing the task or creating decisions to avoid the risk of following this leadership style.

B. Transformational Leadership

As indicated in the descriptive analysis of the study, the study revealed that the leaders of the bank don't allow employees to be a part of decision-making process to achieve organizational objectives. Besides this, the organization leaders don't provide guidance without pressure. Hence, employees of the bank should allow employees to be part of decision-making process. Besides this, it is highly recommended that the leaders to provide guidance without pressure.

5.4 Limitation

Workers may over report that they are satisfied on their job fearing mistreatment of organization management (social desirability bias).

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Appendices – I

QUESTIONNAIRE

Dear Respondents, This questionnaire is developed for an academic effort planned for the collection of data to conduct a thesis paper on the title “**The Effect of Leadership style on employee satisfaction in Bank of Abyssinia, in Addis Ababa Ethiopia.**”

Therefore, I would appreciate if you could spare a few minutes of your time to answer the following questions about practices in your organization. All the information provided will be purely used for academic purposes and your identity will be treated with the utmost confidentiality. So, your genuine, frank and timely response is vital for the successfulness of the study. Thank you in advance for your attention and time to assist with a contribution to this research is very greatly appreciated.

General Instructions

- *It is not necessary to write your name*
- *Please mark (√) in appropriate box to your response*

SECTION A: Demographics

1. Please indicate your gender

Male [] (1) Female [] (2)

2. Your Educational Level

Secondary bank (1) College Diploma (2) 1st Degree (3)
2ndDegree and above (4) Other, Please Specify_____

3. Your Work Division_____

4. Your Work Experience within the Organization (in years)

< 2 Years (1) 2 – 5 (2) 6 – 15(3) > 16 (4)

5. Please indicate the department that you work in

Program staffs [1] Support staff [2]

Section B: Effect leadership style on employee job satisfaction

The Following questions relate to the effect of leadership style on employee job satisfaction. Please mark (√) in the appropriate cell to your response with each the following statement based on your experience working in this organization. Use the Dichotomous questionnaire method a "yes/no" question.

Please Indicate the extent of integration of your company 1=Yes 0=No		1	0
Part I	Employee Job Satisfaction		
1	There is a defined type of leadership procedure within the organization.		
2	The admin the organization do know the exists leadership style procedure well		
3	There is strong relationship between the exists leadership style and employee satisfaction		
4	The personnel of the organization do have clear and distinctive roles and responsibilities		
5	The admin department prepares plane for to lead or to complete in quality way.		
6	Leadership style in the organization influence stability of staff members		
7	Leadership style employed by the organization influence organization employee job satisfaction.		
Please Indicate the extent of integration of your company 1=Yes 0= No		1	0
Part II- A	Examining Leadership Style		
What leadership style is currently being practiced at the organization			
Transformational leadership			
1	The organization managers allow customers and employee to be a		

	part of decision-making process		
2	The organization leaders provide guidance without pressure		
3	The managers make frequent and supportive communication.		
4	The managers helps employee and customer to accept responsibility for completing their own duty		
5	The bank leadership helps the customers by providing different current information		
6	The managers help the organization community to find their passion		
7	The company is keen to hold regular meetings with departments managers and customers to coordinate the work		
Transactional Leadership			
1	The organization managers believe that employees need to be supervised closely.		
2	The organization leaders believes that most employees in the general population are lazy		
3	Time to solve customer complaints is short		
4	As a rule, managers believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives		
5	I feel insecure about their work and need direction		
6	The managers is the chief judge of the achievements of the members of the group		
7	The leaders gives orders and clarify procedures		
Laissez-Faire Leadership			
1	In complex situations, the managers allows employee to work problems out on my own		
2	Leaders stays out of the way of subordinates as they do their work		
3	As a rule, leaders should allow employee to appraise their own		

	work		
4	Organization leader give complete freedom for the employee to solve problems by their own		
5	In most situations, employees prefer little input from their leaders		
6	There is lack of communication		
7	There is poor working relationship		

Thank you for your time!!!