

THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE ENGAGEMENT: THE CASE OF NIB INTERNATIONAL BANK S.C.

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DECLARATION

I, the undersigned, hereby declare that this project work entitled **"The Effect of Leadership Style on Employee Engagement: Incase of Nib International Bank S.C."** is my own original work and I have undertaken the study independently under the guidance of my advisor. I can further declare that this project work has not been submitted to any institution for another degree or diploma award applications. All other sources and borrowed ideas have been duly acknowledged in the main research body and all references used are appended.

Nathan Ararso

Signature_____ **Date**_____

CERTIFICATION

This is to certify that Nathan Ararso has done this thesis with title “The Effect of Leadership Style on Employee Engagement: Incase of Nib International Bank S.C.” under my supervision and submitted in partial fulfillment of the requirements for the award of a Master’s Degree in Business Leadership. The thesis complies with the regulations, of the University and meets the accepted standards with respect to originality and quality.

Advisor Name: **Signature**

Abraraw Chane (PhD) _____



Addis Ababa University
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ACRONYMS

ANOVA	Analysis of Variance
ALS	Autocratic Leadership Style
ATM	Automatic Teller Machine
CR	Contingent Reward
EE	Employee Engagement
HR	Human Resource
II	Idealized Influence
IC	Individual Consideration
IM	Inspirational Motivation
IS	Intellectual Stimulation
MBEA	Management By Exception Active
MBEP	Management By Exception Passive
MLQ	Multifactor- Leadership-Questionnaire
NIB	Nib-International-Bank S.C
POS	Point of Sale
SPSS	Statistical Packages for Social Sciences
UWES	Utrecht-Work-Engagement-Scale

Abstract

The main purpose of this study was to assess the effect of leadership style on employee engagement in case of Nib-International-Bank S.C. Three main types of leadership-styles; transformational, transactional and autocratic leadership styles have been considered as independent variables to predict the dependent variable, employee engagement in NIB. Samples size of 80 employees was non-randomly selected to gather the primary data required to conduct the investigation from 320 target population. Self-administered Multifactor- Leadership-Questionnaire (MLQ) was used to investigate the respondents' perception towards their immediate supervisor' leadership styles and Utrecht-Work-Engagement-Rater was used to assess their own engagement level. The raw data gathered from respondents was analyzed using SPSS version 23.0 with which descriptive, frequencies, percentages and other inferential statistical tools like correlation and regression analysis were used to analyze the results of the study. The findings of the study revealed that the engagement level of NIB employees is a little bit more than average and the predominantly exhibited leadership style in NIB as perceived by the employees is transformational leadership style even though the three leadership styles are practiced in a mixed way with different degree of frequency. The results of correlation and regression analysis have shown that transformational-leadership-style positively and significantly affects employee engagement in NIB, transactional leadership style also affects engagement positively but its effect is insignificant and autocratic leadership style on the other hand does negatively and significantly affect employee-engagement at NIB. So based on the research findings NIB was recommended to encourage its supervisors to use more of transformational leadership style and discourage using autocratic leadership style to enhance the current moderate engagement level of its employees.

***Key Words**: Leadership Style, Transformational Leadership Style, Transactional Leadership Style, Autocratic Leadership Style, NIB and Employee Engagement*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Employees are the most valued assets of an organization through which a sustainable competitive advantage can be achieved and thus to ensure survival in this turbulent and ever changing dynamic competitive business environment. As Armstrong and Barron (2002) stated; it is now recognized that people and their collective skills, abilities, and experience, and their ability to implement these skills for the best interests of the employing company, making significant contribution to the successfulness of the company and become crucial source of competitive advantage. Even if it is important for the organization to have a good strategy to attract, recruit, develop and retain talent; it is not enough by itself to ensure that they make the greatest contribution to the success of the organization. To win their willingness to give their best effort or maximum contribution, the organization needs to make employees feel valued and hence make them engaged.

According to Saks (2006), work force that is highly engaged is the sign of a healthy organization, whatever its size, geographical location and economic sector. Engagement does not only benefit the organizations but also the individuals within the organization through increased passion, important value to the employing company, improved physical wellness & happiness (Loehr, 2005). Harter, Schmidt, and Hayes (2002) report that employee-engagement is positively correlated with important business performance indicators, such as customer-satisfaction, productivity, profitability and loyalty, which are paramount to service industries such as banks. Engaged workers can most likely make positive and important contributions to their

organizations by attracting and retaining new customers, driving innovation, or simply passing their enthusiasm to colleagues (Crabtree & Robison, 2013)..

So organizations should foster a working environment that is suitable for their employees where they can feel contribute to the overall success of the organization as a one big family where they can also pursue their personal development ambitions. Bakker and Demerouti (2008) report that “Non-engaged workers perform less than engaged workers; because they usually familiar with positive emotions, which also include joy, happiness and enthusiasm; experience better health; create their own work and personal resources ; and transfer their commitment and motivation to others" (p. 215). Where as in an organization without work environment for employee engagement; turnover will increase, efficiency declines which in turn results in low customer loyalty due to poor service quality and which cumulatively leads to decreased stakeholder value. Employee who is engaged not only stays in the organization, but also shows higher levels of discretionary effort, increasing both overall individual and collective performance (Harter, Schmidt & Keyes, 2003).

Though there are many causes that may contribute to engagement in an organization; manager-employee relationship is the main foundation for creating engaged employees in a work environment. Employee-Engagement should be an important concern for managers & leaders in organizations across the globe as they recognize that it is a vital element affecting organizational competitiveness, innovation & effectiveness (Welch, 2011). Leaders play a significant role for creating the right working condition for employees to become more engaged (Kahn, 1990).

Leadership role is exhibited in different styles in accordance with the context and specific conditions of the organization. But to fit the organization's context and hence increase employees

engagement; organizations should enhance the leadership skills of their leaders through continuous relationship-oriented training and development programs with regard to leadership. It is, however, important to note that The key elements of employee engagement go beyond other dimensions, such as job involvement, job satisfaction, organizational citizenship behavior, company commitment, because it involves the active use of emotions, cognition, and behavior, while focuses on the coordinated interaction of employees and employers working in harmony with the objectives and strategies of the organization (Andrew and Sofian, 2011).

So this study tries to examine, understand and investigate the impact of leadership-style on employee engagement at Nib-International-Bank S.C (NIB) with the help of Multifactor Leadership Questioner and the employee engagement survey from the perspectives of employees working in the bank specifically from the bank's branches located in Addis Ababa.

1.2. Background of the Study Organization

Nib International Bank was founded on May 26, 1999 G.C in line with the Commercial-Code of Ethiopia & the Proclamation for Supervision and Licensing of Banking Business Proclamation Number 84//1994 with paid-up initial capital of Birr 27,600, 000.00 and authorized initial capital of Birr 150,000,000.00 with 717 share-holders. The bank has started operating in same year with 27 employees in the month of October 1999 which by then made it the sixth private bank licensed to operate in the country (https://www.nibbanksc.com).

Since then NIB has been rendering full-fledged international banking and domestic services to its customers by deploying contemporary core banking solution technology known as T24 Core-Banking-Solution which was procured from the renowned international banking software company known as Temenos which is headquartered in Switzerland. In addition to the

international & domestic banking services; NIB has implemented different electronic banking services like Automatic Teller Machine (ATM) Card, Point of Sale (POS), Internet and Mobile Banking Services to create convenience for its customers throughout the country by placing ATM and POS machines for ease of access by its customers 24 hours per day and 7 days per week. Furthermore the bank has managed to establish strategic partnership with internationally branded payment services like MasterCard, VISA and Union Pay to give international card payment services.

The bank has achieved steady growth in all operational areas since its year of establishment. One of the bank's recent achievements is that it has managed to successfully complete its 37-Storey Head Office Building Complex located in front of Addis Ababa University, School of Commerce to which it has relocated its head office from Dembel City Center in the month of April 2021. The building is the first tallest (37 floors) operational building in Addis Ababa or in the country as a whole.

The bank's vision is "To be an icon of service-excellence & leading commercial-bank in Ethiopia" and its mission is "to provide customer focused & innovative-banking service through motivated staff and state-of-the-art technology". The bank has currently more than 1.65 million customers, has reached total asset of 52 Billion Birr, more than 40 Billion Birr deposit, and able to register authorized and paid-up capital of Birr 6.8 billion Birr and 4.24 billion Birr respectively. Moreover its total income has reached more than 5 billion Birr and branch distribution has increased to more than 375 branches. The bank has also created employment opportunity for more than 7,500 employees throughout the country.

1.3. Statement of the Problem

The ever increasing business environment dynamism and turbulence has obliged organizations to rapidly revise and change their strategy to survive and win the stiff competition in their respective business sectors. To overcome the challenge on a continuous basis leaders play an important role in guiding, motivating and engaging the organization's work force; who are the most important ingredient to implement these flexible and changing strategies. But to ensure their utmost effort; employees should be engaged. Townsend and Gebhardt (2008) clearly pointed out that in order to improve employee engagement, effective leadership has been regarded as an indispensable prerequisite, and even proved that there may be a connection with the organization or employee performance. Leadership is said to have a positive influence on a number of performance outcomes including customer satisfaction, sales performance, customer orientation, organizational commitment, job-performance, job-satisfaction and financial performance among others (Humphreys, J.H., Weyant, L.E., & Sprague, R.D. (2003), MacKenzie, S.B., Podsakoff, P.M. and Rich, G.A. (2001); Stock and Hoyer, 2002; Rizvi, 2000). In banking industry like in NIB; employees play a significant role in creating, communicating and delivering customer value.

The customer value creation process is largely depends on the extent to which employees are engaged, which is reflected in the positive behaviors they display while communicating with customers. Schneider, B., Macey, W. H., Barbera, K. H., and Martin, N. (2009) conclude that an engaged employee has the capability to influence specific outcomes like customer perception of service quality, service oriented behaviors of friendliness, courtesy, helpfulness, organizational citizenship behaviors, customer engagement, customer satisfaction and financial success. So

ensuring employee-engagement is a very important leadership task to provide quality customer service and to achieve the overall objectives of the organization.

Although there is an increasing literature body investigating employee-engagement, scholars have revealed that academic research and study lags behind practitioner developments and this is especially notable with regard to leadership role in employee engagement (Macey & Schneider, 2008; Robinson et al., 2004). Recently there is also some improvements in the investigation of the effect of leadership style on employees engagement and motivation in our Ethiopian context (Ashebir, 2020; Ermiyas, 2017; Hildana, 2020 & Meseret, 2020). But more research has to be conducted in this area especially with regard to the banking sector given the prevailing declining quality of customer service in the country.

So up on observing the general decline in customer service quality, increasing employee turnover and gradual decline in shareholder value in the company under study which was observed from the bank's subsequent management annual reports; this research aims to draw the managers' and researchers' attention to the significance of the relationship between leadership-styles & employee-engagement within the banking industry in general and the study company in specific, which ultimately affect job and organizational performance.

1.4. Research Questions

The study spires and aims in answering the following questions:

1. What is the current level of employee engagement in Nib International Bank S.C.?
2. What type of leadership style is predominantly being exhibited in Nib International Bank S.C.?

3. What is the effect of transformational leadership style on employee engagement in Nib International Bank S.C.?
4. What is the effect of transactional leadership style on employee engagement in Nib International Bank S.C.?
5. What is the effect of autocratic-leadership-style on employee-engagement in Nib International Bank S.C.?

1.5. Objective of the Study

1.5.1. General Objective of the Study

The general objective of this study is to assess the effect of leadership style on employee engagement in case of Nib International Bank S.C.

1.5.2. Specific Objectives of the Study

The specific objectives of the study are:

- To assess the employee engagement level of NIB
- To assess the dominant leadership style currently practiced in NIB
- To examine the effect of different leadership styles(Transformational, Transactional and Autocratic) on employee engagement at NIB

1.6. Significance of the Study

This study tries to assess the employee engagement level, the relationship between the prevailing leadership styles and employee-engagement and its effect on same in the case of the study company. After analyzing the existing leadership styles and employee-engagement level; the study will propose some recommendations so that NIB would aspire to devise the appropriate leadership development and training programs that helps to enhance the leadership skills of its

management and leadership team to the level enough to lead its employees fully engaged in its effort to achieve the overall organizational objectives.

It can also be used as reference for managers and leaders within the banking industry to recognize and acknowledge that the leadership style demonstrated towards employees can positively and negatively affect the levels of employee engagement and how their employees approach their work. Furthermore, it can also serve as reference for future research studies in the field of leadership and employee engagement.

1.7. Scope of the Study

This study is limited to assess the effect of leadership-styles on employee-engagement in Nib International-Bank S.C without considering other possible factors or variables that may affect employee engagement in the study company. Due to wide coverage of branches of the bank throughout the country; the geographical scope of the study is limited to branches found in the capital, Addis Ababa.

Furthermore the sample frame excludes management and non-clerical staffs and only concentrates on professional staffs with minimum qualification of BA degree to assess whether these employees are engaged or not and to test the impact of leadership style demonstrated by their first line supervisors and above on their engagement status. So the study results may not be generalized for other financial institutions or other types of organizations.

1.8. Limitations of the Study

The first limitation of the research study is its failure to involve larger number of employees across all branches of the bank by increasing its sample size due to time constraint. If that was the case the results of study would have been more beneficial for its readers in general and for

the bank to devise better leadership strategy in the future. The second limitation is; the study is confined to the banking sector only by excluding other sectors. Better result could have been achieved if the study was able to include other sectors as well. The third limitation is the incompatibility of the context in which the research study was done and the reference materials used to compile the necessary data to carry out the research. The research has been done completely in the Ethiopian context where as the reference materials used are mostly from the western world due to lack of local references.

And the other limitation of the research study is that the researcher has assessed only the effect of three kinds of leadership-styles on employee-engagement at Nib International Bank by ignoring other factors that might affect employee engagement and for that matter other than the three leadership-styles there might be other types of leadership styles might be practiced in Nib International Bank which the researcher did not include in this study.

1.9. Organization of the Study

The research paper will be organized in to five parts or chapters. Chapter one will cover background of the study and organization, statement of the problem, research questions, research objectives, significance of the study and scope of the study. Chapter 2 will consist of related literature review both in terms conceptual and theoretical perspectives. Chapter three will deal with explaining the research methodology, research design, data collection, research population and research sampling methods. Chapter four will cover data analysis part, presents the study findings and results. And the last chapter; chapter five will about conclusions of the research findings and presenting the recommendation part.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

This chapter of the study tries to investigate the theoretical concepts of the research topic in terms of employee engagement, leadership styles and the relationship between the two concepts. Furthermore relevant related literatures written by different scholars are reviewed to elaborate the key concepts of the research problem and it also tries to come up with conceptual framework that shows the connections between the variables of the study.

2.1. Theoretical Review

2.1.1. Leadership Concept

Leadership is described as the process by which individuals influence a group of people to achieve a common goal (Northhouse, 2013). Yukl (2006) further defined leadership as the process of influencing other individuals to agree and understand to do and how well to do it, as well as the process of promoting collective & individual efforts to achieve common objectives. According to (Kelloway & Barling, 2010); leadership is defined as a process that exercises the power possess by an individual through position, expertise or charisma to influence employees in an organisation to achieve a desired goal.

2.1.2. Leadership Styles

Leadership style can be defined as a relatively consistent pattern-of-behavior displayed by leaders while influencing followers towards the achievement organizational common goals. It comprises directive and supportive behaviors. Directive behavior helps group members achieve goals by giving directions, setting goals and evaluation methods, setting schedules, defining roles, and showing how to achieve goals. Supportive behavior helps members of the group feel

comfortable with themselves, with their colleagues, and with the situation. It involves two way communication and responses that show social and emotional support to others.

Researchers led by Kurt Lewin (1993) identified various leadership styles which leaders use to influence employees to attain the organizational goal. Stogdill (1974) explained it as a leadership style that means methods and capabilities aimed at achieving organizational goals and further influencing all organizational activities.

There are different leadership styles we have witnessed from leadership literatures by many scholars; this study has considered only the three leadership styles to focus on the variables of the research problem. Transformational-leadership-style, transactional-leadership-style and autocratic-leadership style are discussed here as follows.

2.1.2.1. Transformational Leadership Style

As its name implies; transformational-leadership is a leadership quality that involves transforming and changing people. This style emphasizes on intrinsic values and employee development which aligns with the needs of today's work forces, who wants to be motivated and inspired to succeed in times of changing business environment.

According to Avolio, Bass, and Jung (1999), the charisma and influence of transformational leaders strongly motivate subordinates to exceed expectations. Additionally, transformational leaders provide inspiration and encouragement to guide followers in finding innovative ways to overcome internal and external job challenges (Seltzer & Bass, 1990).

Transformation leadership quality is manifested through four major characteristics:

Idealized Influence: it describes leaders who serve as role models for their followers, putting emphasis on organizational benefits over those of the individuals (Bono and Judge, 2004).

Inspirational Motivation: - it refers to the way in which a leader motivates and inspires his subordinates with a clear and rational-vision in order to achieve personal and organizational goals (Den Hartog, 1997). These types of leaders sustain optimism and passion for the future (Bono and Judge, 2004). Idealized-influence & inspirational-motivation are usually combined in a characteristic called charisma. Charismatic leaders win the admiration, trust and respect of followers, and inspire followers to pursue higher collective goals.

Individualized Consideration:- this behavior pertains to treating each subordinate as an individual rather than as an employee. These types of leaders genuinely care about personal needs and talents of employees and provide support and guidance (Den Hartog, 1997). Employees are considered as unique, with personal concerns and requirements, and feel inspired and supported in their own progress overtime (Avolio & Bass, 1995).

Intellectual Stimulation:- means to stimulate intelligence and promote creativity by making subordinates question their current status quo and challenge them to find and pursue new ways to solve problems. Through this process, followers become more active and creative in decision-making processes at work and thus more dedicated.

2.1.2.2. Transactional Leadership Style

Transactional style differs from transformational leadership that transactional leader does not individualize the needs of followers or focus on their personal development. The transactional leaders exchange valuable things with their subordinates to further their own agendas and those of their subordinates as well (Kuhnert, 1994). They are always action oriented and focus on the result. Transactional leaders give attention to the task and this needs relevant and appropriate role behavior and clear goals appropriate instructions from the leaders. To secure compliance from their subordinates; these leaders usually use conventional reward and punishment (Burns, 1978). Transactional leaders concentrate on the present situation and are good at making the organization run efficiently and smoothly. They excel at traditional or conventional management functions with regard to planning & budgeting and generally give attention to the non-personal sides of job performance in organizations.

There are three characteristics that pertain to transactional leader: contingent rewards, management-by-exception (active) and management-by-exception (passive).

Contingent Reward:- Contingent reward leadership involves the leader assigning or obtaining consent from subordinates in exchange for the promise or actual reward provided by the successful execution of the task.

Active Management By Exception:- With this characteristic; the work performed by subordinates is actively monitored, deviations from standards and rules are observed and corrective actions are taken to prevent and deter mistakes.

Passive Management By Exception:- Here transactional leaders interfere only when subordinated do not comply with standards or when they fail to perform in line with the expectations.

2.1.2.3. Autocratic or Authoritarian Leadership Style

Autocratic leader emphasizes that their authority is absolute and cannot be challenged. They make all decisions without consulting subordinates, they have dictatorial style, have high concentration of power, unwilling to empower subordinates and require subordinates to obey unconditionally. The pressure brought psychologically by autocratic leaders and the job insecurity can make subordinates resisting the leadership-authority from the heart, resulting in subordinates with rebellious mind and resistance which in turn leading to reduce their engagement level. (Erben & Guneser, 2008).

Autocratic leader inclined to follow strict guidelines, procedures and policies for their subordinates. This characteristic of autocratic leaders may make creative employees and those seek autonomy to become more disengaged but it tends to be effective for employees who prefer guidance and supervision under this leadership style.

2.1.3. Engagement

2.1.3.1. The Concept of Engagement

Kahn (1990) defines personal engagement as subordinates connect themselves to their job roles, and people use and express themselves physically, cognitively, and emotionally during role-playing. Later Schaufeli, Bakker & Salanova (2006) detailed the engagement as the "work-related mentality" with "Vigor, dedication and absorption"

Towers Perrin, (2007) stated employee-engagement as "when employees use their own discretion to the extent that requires extra energy, time and power to perform the job". The

increasing power of customers and that of employees has made employment engagement so important to the level that organizations can barely afford to avoid as the main variables of its overall business strategy in the modern business environment.

As Sara Cook, (2008) stated; Employee engagement is represented in the enthusiasm and energy that employees must do their best to serve customers for the organization**.** It all depends on whether employees are willing and able to make continuous, autonomous efforts to help your organization succeed. Employees who are engaged get inspired by their job, their approach is customer focused, they care for the future of their organization and are always ready to invest their own effort to see that the organization succeeds.

2.1.3.2. Types of Employee Engagement

Gallup (2013) groups employee engagement in to three categories:

Engaged: Engaged-employees are builders of the future. They are willing to use their strength and talents on their work every day. They perform with energy and they drive creativity and innovation and ride their organization to move forward.

Not Engaged: Not-engaged employees tend to focus on the task rather than the goals and results they expect to achieve. They want their supervisors tell them what they have to do so they will do the work and just report back that they have finished the job.

Actively Disengaged:- Actively disengaged employees are there at the company; more or less to cause damage to their company. They are also busy acting expressing out their unhappiness in the organization not just being unhappy at work. They spread the seeds of negativity at every opportunity they get while working in the organization.

2.1.3.3. Drivers of Employee-Engagement

There are many causes that drive employee-engagement within an organization which can be grouped in to three key drivers; relationship with immediate supervisor, belief-in the company's senior leadership team and being proud in their membership and working for the organization.

Kahn (1990) stated that engagement is fostered by the development of three psychological states:

- **Meaningfulness:-** Psychological meaningfulness refers to feeling of being worthwhile and valuable for one's work. Rewarding interpersonal interactions help create psychological meaningfulness. Employee feels recognized, being valued and the sense of personal development.
- **Safety:-** factors creating perceptions of psychological safety include positive interpersonal relationships, supportive management style, and organizational norms that reinforce trust and respect. Employee feels confidence, trust, security and predictability in terms of behavioral consequences.
- **Availability:-** psychological availability refers to having enough physical and emotional resources to persist without distraction at work. Psychological availability is generally achieved by feeling supported and enjoying well-being outside of work.

From the perspective of leaders-employees relations within organizations; Bhuvanaiah and Raya (2015) defined four drivers for employee engagement:

- Decision making authority causing employees feel involved and valued.
- Opportunities for growth and development causing employees feel sense of personal development.
- Empowerment and fair treatment causing again employees feel involved and valued.

- Leadership giving rise to employees feel a sense of purpose by being motivational and inspirational via effective and honest communication.

2.1.4. R/ship Between Leadership-Style and Employee-Engagement

Leadership quality is the most important factor to affect the effectiveness of any organization in achieving its objectives. Leaders influence this organizational effectiveness through their followers. Employees are strongly influenced by their leaders in their perceptions and behaviors. The quality of the relationship that is established between the leader and the follower is predictive of outcomes at the individual, group and organizational levels (Gerstner & Day, 1997). And therefore; leadership is theoretically a key antecedent of many subsequent factors including employee engagement (Xu & Thomas, 2011), which lead to desirable consequences such as organizational performance or individual well-being.

There is not generally accepted best leadership style that promotes better employee engagement. But it is a matter of finding the leadership style that fits with personalities and needs of the employees, the organization's context and the organization's corporate culture.

2.2. Empirical Review

Many studies have been conducted by different scholars to examine the impact of leadership-styles on employee-engagement and accordingly review of these empirical studies is presented under this sub-part as under:

In their research entitled "Leadership and Employee Engagement in Organizations: an analysis on correlation"; Kamil & Ahmet, (2017) have concluded that there is a close and positive correlation between effective leadership and employee engagement. Their survey results showed that; the more efficient the leadership, the higher the employee engagement. They further

explained that leaders in an organization are in a position where they have high potential to affect the drivers of the employee's engagement, thus the engagement itself by their attitude.

Sapna and Irfan, (2016) with their article title "Drivers of Employee-Engagement: The Role of Leadership Style", they have come up with evidences that show positive association between transformational leadership-style & employee-engagement. This style stimulates, motivates and inspires subordinates to work for the achievement of company goals. Moreover the leaders are in the position to draw out the best in the employees by clearly expressing confidence in their skills and abilities. They have also revealed that transactional leadership-style also has a positive correlation with employee-engagement and practicing the style leaders motivate employees by appreciating and rewarding their employees against their task accomplishment. As evidenced in their research, subordinates can get engaged in the presence of practicing transformational and transactional leadership-styles. Leaders must be able to determine the style that is most effective in a given situation and meets employee expectations so that they can be engaged to improving performance.

As the research model of Anouk D. and Wilmar S. (2019) implied; leaders can affect employee work engagement in many ways. First, engagement can be increased indirectly through changing work demands and work resources as well as through enhancing employees' need of psychological satisfaction. This can be achieved by devising interventions targeted at enhancing competitiveness, autonomy, and relatedness. Secondly, leaders may want to increase their engagement level, because this will affect their leadership and employee engagement through emotional contagion, role-modeling, and social-exchange processes.

The study conducted by Ashebir E.(2020) with study title " The Role of Leadership-Style on Employee-Engagement: The Case of Commercial Bank of Ethiopia" has also concluded that transformational & transactional leadership-styles positively affect the engagement level of employees. However, laissez-faire leadership-style has negative effect on employee engagement.

In summary; most of the studies reviewed have concluded that transformational leadership-style & transactional leadership-style have positive correlation with high employee engagement but the latter's degree of positive association with high employee engagement is lesser. Lastly; autocratic leadership style has mostly revealed to have negative correlation with employee engagement.

2.3. Conceptual Framework

This conceptual framework has been developed based on the research questions that the study tries to answer and the related literature reviewed in the last section. Leadership-styles (transformational, transactional and autocratic) have been assumed as independent variables and employee engagement is assumed as dependent variable.

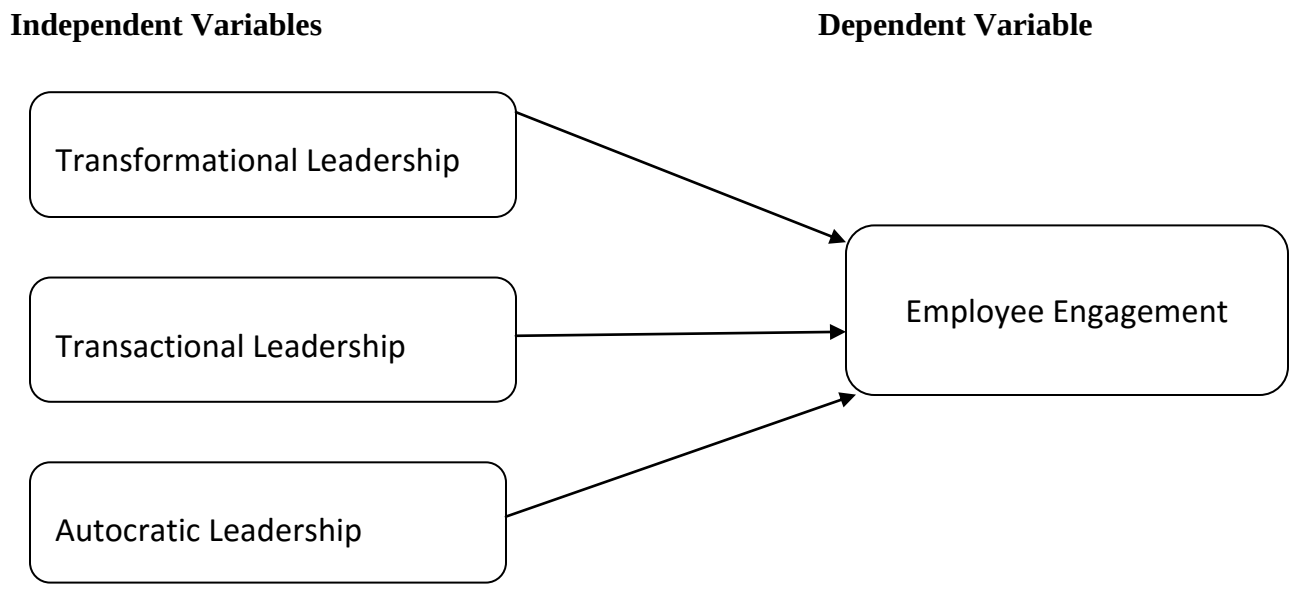


Figure 2. 1: Conceptual Framework

Source: Developed by the researcher

2.4. Research Hypothesis

In order to answer the research questions; the researcher has developed the following hypothesis which are tested and answered up on data analysis using different statistical techniques.

H_{01}: Transformational leadership style has no significant-effect on employee-engagement at Nib International Bank S.C.

H_{02}: Transactional leadership style has no significant-effect on employee-engagement at Nib International Bank S.C.

H_{03}: Autocratic leadership style has no significant-effect on employee-engagement at Nib International Bank S.C.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This part of the research presents and discusses the research-design and methodologies used by the researcher. It comprises research approach adopted, research design, population and sampling-design, data collection & analysis methods. Finally; it discusses the research instrument's reliability and validity issues before culminating the chapter with ethical consideration discussion.

3.2. Research Approach

Quantitative research approach was employed to assess the r/ship between dependent-variable (employee engagement) and independent-variables (transformational-leadership-style, transactional-leadership style and autocratic leadership style) of the research study. Then the relationship between these variables was measured and analyzed using statistical procedures.

3.3. Research Design

Descriptive research design was used to examine and describe the type of leadership styles practiced in NIB and the relationship between three different leadership styles (transformational, transactional and autocratic) and employee engagement at this same study company, Nib International Bank (NIB).

3.4. Population and Sampling Design

3.4.1. Population of the Study

The target population of the study was employees of NIB working at the head office in seven departments of the bank. As per the information obtained from the bank's HRM Department

there are around 320 employees working in these departments were the population target of the study. Due to convenience, and time and cost constraints employees working at different branches of the bank were not considered in this study.

3.4.2. Sampling Design

Non-probability sampling technique was used to purposely include those staffs with characteristics that are convenient to answer the research questions. Accordingly; employees with minimum BA Degree qualification who are working below division head level at the concerned seven departments were selected to participate on the study. Convenience-sampling technique was used to quickly reach them & collect the data as the time allocated for our particular program is very short.

3.4.3. Sample Size Determination

Sample size was determined in a way that deemed fairly represents the targeted population of the study. Accordingly the researcher has used sample determination method developed by Carvalho (1984) which breaks down population range in tabular form from which small, medium and large sample size can be drawn.

Table 3. 1: Carvalho's Sample Size Determination

Population Size	Sample Size		
	Small	**Medium**	**Large**
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50

281-500	20	50	80
501-1200	32	80	125
1,201-3200	50	125	200
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Source: J. Carvalho, "Archival Application of Mathematical Sample Techniques", Records Management Quarterly 18:63 (1984) as sited on Endale, 2018.

So based on the sample size determination table above; 80 which is the highest recommended in the table was taken as sample size of the study as the target population size which is 320 (who have all with minimum BA degree educational qualification) falls in the range of 281-500 population size.

3.5. Data Collection

3.5.1. Source of Data

Both primary & secondary source of data was used to conduct the study. Primary data was collected from the employees of NIB working at the head office using standard questionnaires. Books, the bank's annual reports, different articles, literatures, publications and journals were also used as secondary data for the research study.

3.5.2. Data Collection Method

Self-administered questionnaire was used as data collection instrument to gather primary data from employees of NIB to describe the type of leadership style being exhibited in the bank and

to examine the effect of leadership-styles (transformational, transactional and autocratic) on employee engagement at the bank. A five point Likert-Scale questionnaire was administered to the respondents to give them comfort and ease to answer the questions with items scales between 1- strongly disagree to 5- strongly agree ranges.

3.6. Data Analysis and Presentation Method

The primary data gathered from employees was analyzed using SPSS version 23.0 to conduct the descriptive, correlation and regression analysis. After collection of the raw data from the respondents the data was organized and coded in a way that was suitable to feed the SPSS software. Descriptive and correlation analysis were done to assess the relationships between independent variables and the dependent variable; which are leadership styles (transformational, transactional and autocratic) and employee engagement respectively. Moreover regression analysis was also done to assess the predictive power of independent variables on the variability of dependent variable both collectively and individually. Not only was the effect analyzed in detail but also the significance of the impact was further explained in detail.

Moreover tables, percentiles, charts, graphs and figures were intensively used by the researcher throughout this study to facilitative quantitative presentation of the results of the study for easiness purpose in terms of future reference and smooth interpretation for the users of the study.

3.7. Reliability and Validity of the Study Instrument

One of the important aspects of research methodology is to make sure that the research instrument (in this case, questionnaire) is accurate and consistent. The first aspect of the instrument; validity refers to its ability to explain how the actual area of the survey is well covered by the collected data (Ghauri and Gronhaug, 2005). In other words validity is all about the instrument's potential to predict or measure what is intended to be measured. Predictive

validity, content validity and construct validity are three main types of validity which should be tested before using a particular research instrument. The research study adopted Multifactor-Leadership-Questionnaire (MLQ) formulated by Avolio and Bass (1995) for measuring leadership styles, the independent variables. Likewise, Employee Engagement level, the dependent variable was assessed using Utrecht-Work-Engagement-Scale (UWES) Questionnaire. But to ensure the validity of the instrument the researcher has pilot tested the questionnaires with 12 respondents and found the questions are clear and unambiguous before they are used for the main survey.

Reliability in turn pertains to the extent to that a measurement of a phenomenon provides stable and consistent result (Carmines and Zeller, 1979). If the elements of the scale are combined and measure the same structure, the scale has a high degree of internal consistency (Huck 2007, Robinson, 2009). The most widely and commonly used to measure reliability is Cronbach's Alpha-Coefficient. When Likert Scales are used; Cronbach's Alpha-Coefficient is considered as the most appropriate and applicable measure of reliability (Whitley, 2002, Robinson, 2009). It is measured on scale from 0.0 to 1.0 but most scholars agree that the minimum threshold for reliable internal consistency coefficient for test scales should be 0.70.

Accordingly the reliability of the questionnaires was tested using Cronbach's-Alpha-Coefficient and the following results have been produced for both dependent and independent variables.

Table 3. 2: Cronbach's Alpha Coefficients (Reliability Statistics)

No.	Construct	Cronbach's Alpha	No. of Items
1	Transformational L/Ship	0.919	12

	Style		
2	Transactional L/Ship Style	0.710	9
3	Autocratic L/Ship Style	0.799	5
4	Employee Engagement	0.927	17
Overall Reliability		**0.906**	**43**

Source: Field Study, 2021

As we can observe from table 3.1; the overall-reliability of the scales used as measured by Cronbach's Alpha Coefficient is 0.906 which greater that the minimum threshold of 0.70 and can be considered as extremely reliable. The highest Cronbach's Alpha Coefficient with 0.927 is produced by employee engagement scales which lifted the overall alpha score and the lowest Cronbach's Alpha Coefficient was produced by transactional leadership style scales.

3.8. Ethical Considerations

The respondents participating on the research study were communicated through cover letter annexed to the questionnaires which clarified about the purpose of the research and informed that their response is kept confidential and used for the study purpose only. Not only was the respondents' willingness obtained but also the researcher has officially approached the bank to secure its agreement for the research to be conducted on the affairs, premises and employees of the bank and same was granted from high officials of the bank. The researcher has also clearly informed the respondents about their right of voluntary participation before conducting the questionnaire and any withdrawal during the process was also open and was fully respected.

CHAPTER FOUR

4. FINDINGS AND DISCUSSIONS

4.1. Introduction

This part of the paper presents the results of the survey conducted by taking 80 samples of respondents from NIB to examine the effect of leadership style on employee engagement in Nib International Bank S.C. The data was collected from the respondents using standard Multifactor Leadership Questionnaires (MLQ) and Employee Engagement Rater and the data analysis is conducted by using Statistical Packages for Social Sciences (SPSS) Version 23.0. First, the reliability of scale items used is presented and then the discussions on the demographic characteristics of the respondent using frequencies and percentage are followed. Discussion on the respondents' perception of different leadership styles (transformational, transactional and autocratic) and their interaction with employee engagement at NIB is also presented in this chapter using descriptive statistical tools. Finally, the results and discussions of correlation analysis along with multiple regression analysis are presented.

4.2. Response Rate

The data from primary survey has been collected from the employees of NIB who are working at the head office by distributing 80 questionnaires to these sample respondents. Out of the 80 questionnaires administered; 78 questionnaires were properly filled and returned to the researcher for further use in the survey and making the response rate as 97.5% which shows good response rate.

4.3. Respondents' Demographic Observations

Data on demographic characteristics of the respondents in terms of age, gender, current educational status and their service year in NIB has been collected and described using frequencies and percentages as depicted below.

4.3.1. Age Distribution of Respondents

Table 4. 1: Respondents' Profile by Age

	Age Range	**Frequency**	**Percentage**
1	Less than 25 years	11	14.10
2	25 to 35 years	31	39.80
3	36 to 45 years	32	41.00
4	46 to 50 years	4	5.10
5	Above 50 years	0	0.00
Total		**78**	**100%**

Source: Field Study, 2021

As we can observe from table 4.2; most of the respondents are in the age range from 36 to 45 years with 41% of all respondents or 32 employees and the second highest age range of respondents is from 25 to 35 years of age which comprise 39.8% or 31 employees. The third highest number of respondents in terms of age group is those above 25 years of age which makes 14.10% of respondents or 11 employees are in this range. The last small proportion of respondents in terms of age is those who are in the age range between 46 and 50 years or they make 5.1% of respondents or 4employees in absolute value. Unfortunately there are no

respondents in the last age group designated by the researcher in the questionnaire or no employees in the sample group who are more than 50 years of age.

4.3.2. Gender Distribution of Respondents

Table 4. 2: Respondents' Profile by Gender

	Gender	Frequency	Percentage
1	Male	48	61.5
2	Female	30	38.5
Total		**78**	**100%**

Source: Field Study, 2021

As per the proportion presented by table 4.3; most of the respondents are male with 61.5% or 48 employees included in the sample are male where as 38.5% of them or 30 employees are female. This reveals that employees who are in Nib-International-Bank S.C are outnumbered by their male counter parts.

4.3.3. Current Education Status of Respondents

Table 4. 3: Current Education Level of Respondents

	Education Level	Frequency	Percentage
1	BA/BSC Degree	61	78.20
2	MA/MSc Degree	17	21.80
3	PhD	0	0.00
4	Others	0	0.00
Total		**78**	**100%**

Source: Field Study, 2021

As presented by table 4.4 above; very large proportion or 78.2% or 61 respondents participated on the survey are BA/BSC degree holders and the rest 17 employees or 21.8% of the respondents have their second degree or MA/MSc degree holders. Unfortunate here again there are no respondents in the remaining two current educational status ranges set by the researcher.

4.3.4. Respondents' Service Years in The Organization

Table 4. 4: Respondents' Profile by Years of Service

	Service Years	Frequency	Percentage
1	1 to 5 years	30	38.50
2	6 to 10 years	26	33.30
3	11 to 15 years	15	19.20
4	Above 15 years	7	9.00
Total		**78**	**100%**

Source: Field Study, 2021

Table 4.5 presented the respondents years of the service in the case organization and it is found that 38.5% of the respondents or 30 employees have served the company only for 5 years or less and 33.3% of them or 26 employees have served the organization from 6 to 10 years. 15 employees or 19.2% of the respondents have 11 to 15 years of the service where as only 7 employees or 9% of the respondents have managed to stay with the case organization for more than 15 years.

4.4. Descriptive Statistics on Dependent and Independent Variables

Descriptive statistics was used to analyze the respondents perception towards the leadership styles being exhibited in Nib International Bank S.C. and their current level of engagement based on their response has also been analyzed using this same approach.

4.4.1. Descriptive Analysis of Leadership Styles

The researcher has assessed three types of leadership styles in this survey to examine their effect on employees' engagement in Nib International Bank S.C. The first leadership styles assessed was transformational leadership under four(4) dimensions namely Idealized-Influence, Inspirational-Motivation, Intellectual-Stimulation and individual-Consideration with three(3) question items for each dimension which make it twelve (12) items in total for transformational leadership style. The second leadership style is transactional leadership style with three (3) dimensions (Contingent Reward, Management By Exception-Active and Management By Exception-Passive) with three (3) items for each dimension which are Nine (9) items in total. The last leadership style assessed was autocratic leadership style with five (5) items. The 5 scales used in the question statements for each item were; 1-Strongly Disagree 2- Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree

4.4.1.1. Transformational Leadership Style

Table 4. 5: Descriptive Statistics of Transformational Leadership Style

Dimensions	N	Mean	Standard Deviation
Idealized Influence	78	3.60	0.983
Inspirational Motivation	78	3.48	1.057

Intellectual Stimulation	78	3.32	1.036
Individual Consideration	78	3.36	1.186
Valid N /Overall Average	**78**	**3.44**	**1.065**

Source: Field Study, 2021

As above illustrated in table 4.6; idealized influence has been the most perceived transformational leadership style dimension by the respondents with mean of 3.60 which was followed by inspirational motivation with mean value of 3.48. The third highly rated transformational leadership style dimension is individual consideration with mean value of 3.36 and the lastly rated dimension by the respondents is inspirational motivation with mean value of 3.48. Transformational leadership style has scored overall average mean and standard deviation of 3.44 and 1.0655 respectively which indicates that the employees have perceived that the application of transformational leadership style by their immediate supervisors in Nib International Bank is medium with more than average mean score. In case of a five point Likert Scale; the mean score cut off point can be calculated as: (maximum-minimum/n) where maxi is highest score, 5 in our case, mini is lowest score, 1 in our case and n is the number of categories required(low, medium and high) ((https://www.researchgate.net). Accordingly the interval value is calculated as (5-1/3 = 1.33). So low score is 1+1.33 = 2.33 or 1 to 2.339 are low mean scores, medium score is 2.34 + 1.33 = 2.66 or 2.34 to 3.669 are medium mean scores and high score is 3.67 + 1.33 = 5 or 3.67 to 5 are high mean scores. Hence transformational leadership style is being exhibited by supervisors at NIB at medium level as perceived by the respondents participated on the survey.

4.4.1.2. Transactional Leadership Style

Table 4. 6: Descriptive Statistics of Transactional Leadership Style

Dimensions	N	Mean	Standard Deviation
Contingent Reward	78	3.37	1.084
Management By Exception- Active	78	3.00	1.109
Management By Exception- Passive	78	2.50	1.052
Valid N /Overall Average	**78**	**2.96**	**1.082**

Source: Field Study, 2021

The respondents' perception of transactional leadership under three dimensions is also presented in table 4.7 which reveals most of the respondents have replied that contingent reward is the mostly practiced transactional leadership style in NIB with mean value of 3.37. The second transactional leadership style practiced is management by exception- active with mean value of 3.00 and the lease practiced leadership style practiced with regard to transactional leadership style in NIB is management by exception-passive with the lease mean value of 2.5. Overall assessment of transactional leadership indicates that transactional leadership style is less practiced than transformational leadership style in NIB.

4.4.1.3. Autocratic Leadership Style

Table 4. 7: Descriptive Statistics of Autocratic Leadership Style

	N	Mean	Std. Deviation
My manager believes employees need to be supervised closely, or they are not likely to do their work	78	2.97	1.139
As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to achieve organizational objectives	78	2.94	1.024
I feel insecure about my work and need direction	78	2.68	1.179
My supervisor is the chief judge of the achievements of employees	78	2.85	1.152
My supervisor gives orders and clarifies procedures	78	3.36	1.151
Valid N/Overall Average	**78**	**2.96**	**1.129**

Source: Field Study, 2021

Table 4.8 describes the output of the respondents' perception towards autocratic leadership style in NIB. The statement 'My supervisor gives orders and clarifies procedures' has scored the highest mean of 3.36 of the five (5) dimensions under autocratic leadership style which is followed by the statement 'My manager believes employees need to be supervised closely, or they are not likely to do their work' with mean value of 2.97. Out of the five (5) dimensions of autocratic leadership style; the statement 'I feel insecure about my work and need direction' has scored the least mean value of 2.68 and the remaining statements have scored mean value lying between the two extreme values. The overall assessment of autocratic leadership style shows an average mean of 2.96 with standard-deviation of 1.129. So this overall result which is less than

the average point; reveals that the supervisors of the respondents do not that much exhibit autocratic leadership style.

4.4.2. Descriptive Analysis of Employees Engagement

There were seventeen (17) standard engagement rater question statements used to assess the respondents' current engagement level in NIB and its result of descriptive statistics is presented in table 4.9 as under. The result reveals that the statement 'When I get up in the morning, I feel like going to work' has scored the highest mean of 3.58 out of the seventeen (17) questions which shows the respondents are just happy with their work where as the statement 'To me, my job is challenging' has scored the least mean value of 2.77 which indicates that the respondents' job is repetitive or more of routine that has low challenge.

Table 4. 8: Descriptive Statistics of Engagement

	N	Mean	Standard Deviation
At my work, I feel bursting with energy	78	3.00	1.069
At my job, I feel strong and vigorous	78	3.31	1.120
When I get up in the morning, I feel like going to work	78	3.58	1.146
I can continue working for very long periods at a time	78	3.26	1.253
At my job, I am very resilient, mentally	78	3.10	1.191
At my work I always persevere, even when things do not go well	78	3.21	1.221
I find the work that I do full of meaning and purpose	78	3.46	1.089
I am enthusiastic about my job	78	3.44	1.135
My job inspires me	78	3.09	1.250
I am proud on the work that I do	78	3.37	1.207

To me, my job is challenging	78	2.77	1.172
Time flies when I'm working	78	3.33	1.065
When I am working, I forget everything else around me	78	2.85	1.007
I feel happy when I am working intensely	78	3.36	1.173
I am immersed in my work	78	3.15	1.174
I get carried away when I'm working	78	3.06	1.241
It is difficult to detach myself from my job	78	2.97	1.173
Valid N/ Overall Average	**78**	**3.19**	**1.158**

Source: Field Study, 2021

4.4.3. Summary of Descriptive Statistics on Dependent & Independent Variables

Table 4. 9: Summary of Overall Responses

Variables	N	Mean	Standard Deviation
Transformational Leadership Style	78	3.44	1.065
Transactional Leadership Style	78	2.96	1.082
Autocratic Leadership Style	78	2.96	1.129
Engagement	78	3.19	1.158

Source: Field Study, 2021

As the table 4.10 reveals the respondents perceive that transformational leadership style with mean value of 3.44 is more practiced than transactional & autocratic leadership-styles with mean value of 2.96 for both leadership styles at Nib International Bank S.C. With a-little-bit more than midpoint mean value of 3.19 for engagement; the result indicates that the engagement level of NIB employees is moderate.

4.5. Correlation Analysis

The strength of r/ship or correlation between independent-variables and dependent-variable along with the significance of the r/ship of the variables is analyzed in this section. The degree/strength of their r/ship is quantified by using Pearson's-Product-Moment-Correlation-Coefficient that ranges between -1 and +1. If Pearson's-Correlation-Coefficient is (R=1); the variables have perfect positive correlation. If Pearson's-Correlation-Coefficient is (R=-1); the variables have perfect negative correlation and Pearson's-Correlation-Coefficient is (R=0); there is no relationship between the variables.

Table 4. 10: Correlation of Dependent and Independent Variables

		Engagement	Transformational	Transactional	Autocratic
Engagement	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	78			
Transformational	Pearson Correlation	.629**	1		
	Sig. (2-tailed)	.000			
	N	78	78		
Transactional	Pearson Correlation	.171	.169	1	
	Sig. (2-tailed)	.134	.139		
	N	78	78	78	

Autocratic	Pearson Correlation	-.357**	-.260*	.339**	1
	Sig. (2-tailed)	.001	.021	.002	
	N	78	78	78	78

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

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

Source: Field Study, 2021

As we can observe from table 4.11; there is a strong positive correlation between transformational leadership style and employee engagement as evidenced by (R =.629** and P =.000). The degree of relationship between the two variables is also significant as P is less than 0.01 or at 99% confidence level. Table 4.11 also reveals that there were very weak positive correlation between transactional-leadership-style and employee engagement (R =.171 and P = .134) and this correlation is not significant as P is .134 which is greater than 0.05 at 95% confidence level. Finally for the third variable; Pearson's Correlation Coefficient of (R = -.357** and P = .001) indicates that there was a moderate negative correlation between autocratic leadership style and employee engagement and the degree of their relationship is also significant with P = 0.001 which is less than 0.01.

When the results from the correlation-analysis are summarized; transformational leadership style and transactional leadership style have positive relationship with employee engagement at Nib International Bank at different degree of strength as witnessed from table 4.11. Whereas autocratic-leadership-style has negative relationship with employee engagement at Nib International Bank per response obtained from sample size of 80 employees that are working for the bank.

4.6. Multiple Regression Analysis

Multiple regression analysis was conducted to assess the impact of leadership-styles (transformational leadership style, transactional leadership style and autocratic leadership style); which all three are independent variables, on the dependent variable; employee engagement. In other words multiple regression analysis was run to estimate how much proportion of dependent variable variation can be predicted/explained by independent variables.

Before regression analysis is done it requires at least five assumptions should be fulfilled to use the analysis. Accordingly the researcher has checked for those five assumptions if they are fulfilled before proceeding to the regression analysis.

1. **Sample Size Assumption**:- The basic rule is if three independent-variables are being used to predict a dependent variable; there should be at least 20 cases for each independent variable which will become at least 60 cases. As the researcher has used 80 cases; the sample size assumption is met.
2. **Normality Test Assumption**:- The second assumption is to check if the dependent-variable is normally distributed. So to test this assumption the researcher has used SPSS descriptive analysis and obtained the following output. The dependent-variable is said to be normally distributed if either Shapiro-Wilk or Kolmogorov-Smirnov test is statistically insignificant. So as we can observe from Table 4.12 under; for both tests the significance level is more than 0.05 which is statistically insignificant. Thus both tests show the dependent-variable is normally distributed.

Table 4. 11: Test of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Engagement	.079	78	.200*	.976	78	.153

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Field Study, 2021

3. **Non-Multicollinearity Assumption**:- There should be absence of multicollinearity between independent variables or they must not be highly correlated. If the correlation between independent variables is below .70 or .80; this assumption is fulfilled. As indicated in Table 4.13; the correlations between the independent-variables are .169, -.260 and .339 which were all below the cut-off point of 0.70 and they were not highly correlated which means the non-multicollinearity assumption is fulfilled.

Table 4. 12: Non-multicollinearity Test

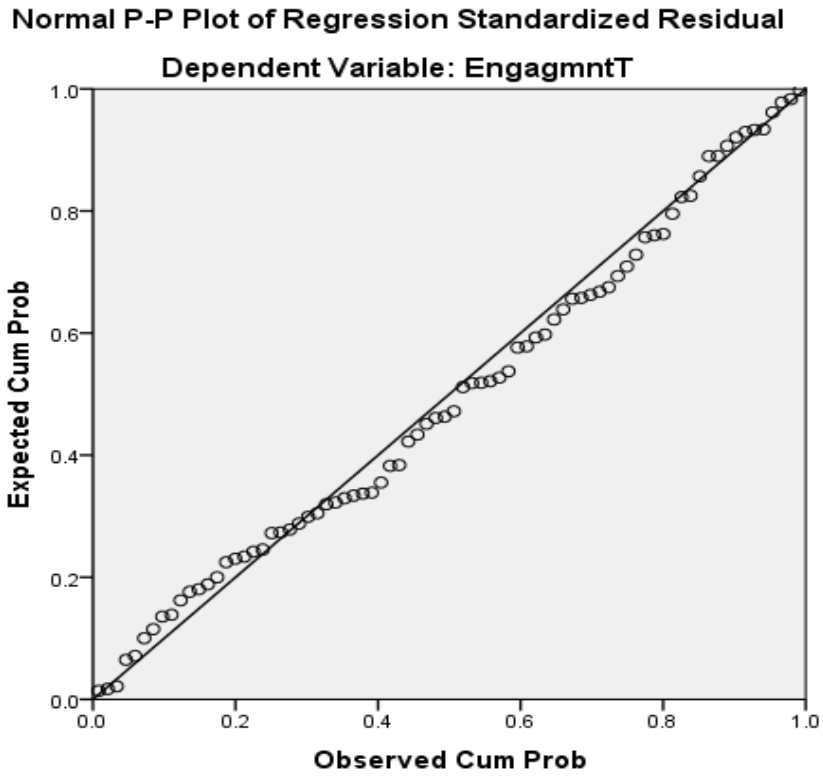
		Engagement	Transformational	Transactional	Autocratic
Pearson Correlation	Engagement	1.000	.629	.171	-.357
	Transformational	.629	1.000	**.169**	**-.260**
	Transactional	.171	.169	1.000	**.339**
	Autocratic	-.357	-.260	.339	1.000
Sig. (1-tailed)	Engagement	.	.000	.067	.001
	Transformational	.000	.	.070	.011
	Transactional	.067	.070	.	.001

	Autocratic	.001	.011	.001	.
N	Engagement	78	78	78	78
	Transformational	78	78	78	78
	Transactional	78	78	78	78
	Autocratic	78	78	78	78

Source: Field Study, 2021

4. **Linearity Assumption:-** This assumption requires the linear r/ship between dependent-variable and independent-variables. This assumption can be checked from the regression-analysis output as follows. As we can observe from figure 4.1; the r/ship between dependent-variable and independent-variables is linear.

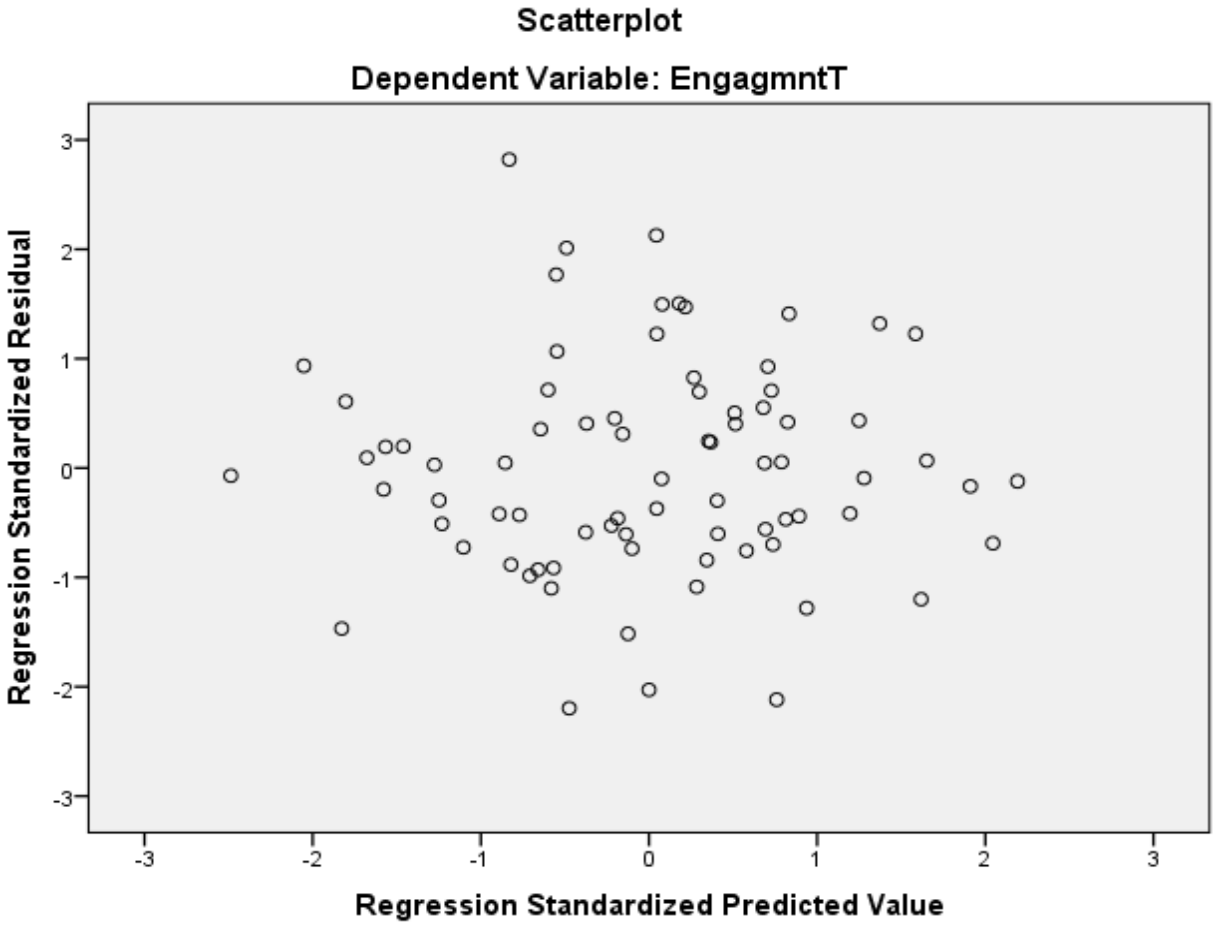
Figure 4. 1: Linearity Test



Source: Field Study, 2021

5. **Absence of Outliers Assumption**:- There should not be outlier value in the data to use the output of regression analysis. If any outlier data found it should be removed to use the regression analysis after removal of the outlier data. As we witness from figure 4.2; there is no value that lies outside the value of 3 and -3 on both y and x axis. So there are no outliers in this case.

Figure 4. 2: No Outliers Assumption Test



Source: Field Study, 2021

Tables 4.14, 4.15 and 4.16 present the details and implications of the regression analysis run to assess the impact of independent variables on the dependent variable.

Table 4. 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679[a]	.462	.440	.58897

a. Predictors: (Constant), Autocratic, Transformational, Transactional

Source: Field Study, 2021

As per the model summary in Table 4.14; the R Square (Square of Correlation Coefficient) which is .462, indicates that the independent variables (Transformational Leadership Style, Transactional Leadership Style and Autocratic Leadership Style) explain 46% of the variability in the dependent variable (Employee Engagement) which can also be considered as 54% of the variations in employee engagement is explained or predicted by factors outside or independent of the three leadership-styles.

Table 4. 14: Analysis of Variance (ANOVA[a])

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.014	3	7.338	21.154	.000[b]
	Residual	25.670	74	.347		
	Total	47.684	77			

a. Dependent Variable: Engagement

b. Predictors: (Constant), Autocratic, Transformational, Transactional

Source: Field Study, 2021

The ANOVA summary table indicates whether the regression model is a good fit for the data used by the researcher. So as shown in table 4.15; the independent-variables (transformational-leadership-style, transactional leadership style and autocratic leadership style) are statistically significant to predict the dependent variable (employee engagement) with p-value of .000 which is < 0.05. So the ANOVA table indicates that the model used is a good fit to suggest that employee engagement can be significantly predicted from the scores of leadership styles.

Table 4. 15: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.440	.477		3.019	.003	.490	2.391
	Transformational	.534	.093	.527	5.719	.000	.348	.720
	Transactional	.234	.125	.177	1.874	.065	-.015	.483
	Autocratic	-.262	.090	-.280	-2.899	.005	-.441	-.082

a. Dependent Variable: Engagement

Source: Field Study, 2021

The regression coefficients explain the prediction impact of independent variables on the dependent-variable when considered individually. Accordingly as presented in table 4.16; transformational leadership style can positively and significantly predict the variability of employee engagement with p (.000) which is less than 0.05 and significant, and with standardized coefficient, Beta (.527). This suggests that one unit increase in transformational leadership style leads to 52.7% increase in employee engagement. Similarly, though the impact

of transactional leadership style on employee engagement is insignificant with p (.065) which is >0.05, it slightly positively affect employee engagement with standardized coefficient, Beta (.177). This implies that one unit increase in transactional leadership style leads to only 17.7% change or increase in employee engagement. Finally, with regard to the third independent variable; the relationship between autocratic leadership style and employee engagement is negative but with significant effect as evidenced by P (.005) which is <.05 and is therefore significant with standardized coefficient, Beta (-.280). This relationship reveals that, one unit increase in autocratic leadership style results in 28% decrease in employee engagement.

4.7. Discussion of the Results and Hypothesis Testing

In this study the researcher has tried to assess the effect of three leadership styles on employee engagement and the significance of their effect on this same dependent variable. The findings of the study have shown that there is indeed casual relationship between leadership styles and employee engagement at Nib International Bank at different degree of significance either positively or negatively.

The regression analysis conducted implied that the more the supervisors have shown transformational leadership style, the more the employees are engaged on their work. So the first hypothesis of this study can be tested as follows:

H_{01}: Transformational-leadership-style has no significant effect on employee-engagement at Nib International Bank S.C.

As per regression-analysis illustrated in table 10.14; the significance value of transformational leadership style is P=.000 which is less than 0.05 at 95% of confidence level which shows its effect as significant. The standardized coefficient, Beta of transformational leadership style is

also positive and high with value of 52.7% of variance predictability effect on employee engagement. ***Thus based on P-value of .000, the researcher has rejected the first hypothesis.***

H_{02}: Transactional-leadership-style has no significant effect on employee-engagement at Nib International Bank S.C.

As per regression-analysis illustrated in table 10.14; the significance value of transactional leadership style is P=.065 which is greater than 0.05 at 95% of confidence level which shows its effect on engagement as insignificant. Even though the effect is insignificant; the standardized coefficient, Beta of transactional leadership style shows weak positive effect with value of 17.7% of variance predictability effect on employee engagement. ***Thus based on P-value of .065, the researcher has accepted the second hypothesis***.

H3: Autocratic-leadership-style has no significant effect on employee-engagement at Nib-International-Bank S.C

As per regression-analysis illustrated in table 10.14; the significance value of autocratic leadership style is P=.005 which is less than 0.05 at 95% of confidence level which shows its effect on engagement as significant. The standardized coefficient, Beta of autocratic leadership style is negative with value of 28% of variance predictability effect on employee engagement. ***Thus based on P-value of .005, the researcher has rejected the third hypothesis as well***.

CHAPTER FIVE

5. SUMMARY OF MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter comprises of summary of main findings of the research study, conclusions drawn from the review of related literatures and the data analyzed in the preceding parts and recommendations given based on the drawn conclusions. Furthermore it includes some suggestions given by the researcher for further study on the subject matter.

5.2. Summary of Main Findings of the Study

With the aim of assessing the effect of leadership-styles on employee engagement at Nib International Bank S.C; the researcher has conducted the investigation on sample size of 80 employees who are conveniently selected from 320 target population. The primary data about the respondents' perception of their immediate supervisors' leadership-styles was compiled by using standard Multifactor-Leadership-Questionnaire (MLQ) developed by Avolio and Bass (1995) and own assessment of their engagement level was also collected using Utrecht-Work Engagement-Scale (UWES) Questionnaire.

The types of leadership-styles considered as independent variables to predict the dependent variable (employee engagement) were transformational-leadership-style with four (4) dimensions, transactional-leadership-style with three (3) dimensions & autocratic leadership-style with five question items. The primary data collected from the respondents was analyzed by SPSS version 23.0 and different outputs were produced and analyzed using different inferential and descriptive statistical tools.

The finding with regard to identifying the dominant leadership style being exhibited by supervisors in NIB out of the three kinds of leadership-styles selected for the study reveals that all of the three leadership styles are practiced but their degree of recurrence is different as perceived by the respondents. As per the results of descriptive analysis; transformational leadership style is the dominant leadership style practiced with mean value of 3.44 which is greater than average. The remaining two leadership styles; transactional leadership-style & autocratic leadership-style, were perceived as equally practiced in NIB with mean value of 2.96 each which is less than average. So it perceived that most of the leaders in NIB follow transformational leadership style than transactional and autocratic leadership styles. The engagement level of the employees was also perceived as moderate with mean value of 3.19.

As per the correlation analysis conducted using Pearson's Correlation Coefficient to assess the degree of strength of relationship between dependent-variable (employee engagement) and independent-variables (transformational-leadership-style, transactional-leadership-style and autocratic leadership style); transformational-leadership and employee-engagement have high positive correlation with (R=.629 and P=.000) which shows a strong positive relationship between transformational-leadership-style and employee-engagement at Nib International Bank S.C..

The correlation analysis for the other two leadership styles has also revealed that transactional-leadership-style and employee-engagement have weak positive correlation with (R=.171 and P=.134). It has also shown that autocratic leadership has strong negative correlation with employee engagement (R=-.357 and P=.001). The two results indicate that, though transactional-leadership-style has positive relationship with employee engagement; their relationship is weak in Nib International Bank. Whereas autocratic leadership style or behavior has negative

relationship with employee engagement and the impact of the relationship is also significant at NIB.

Multiple regression analysis was also done to investigate the predictability effect of the independent variables on the dependent variable. Accordingly the first assessment done was to reveal the cumulative predictive power of the independent variables on the dependent variable and it is found that transformational-leadership-style, transactional-leadership-style & autocratic leadership style(independent variables) can explain 46% of the variability in employee engagement (dependent variable) in NIB without considering other factors that might affect engagement.

ANOVA(Analysis of Variation); one of the outputs of the regression analysis, has also revealed that the three independent variables are statistically significant to predict the dependent variable (employee engagement) with P=.000 which is less than the threshold significance value of .05 at 95% confidence level. This also indicates that the model is a good fit to suggest that employee engagement can be significantly predicted from the scores of leadership styles.

The other output of regression analysis was regression coefficients which were produced to test the independent variables' individual contribution to the variability of the dependent variable. Accordingly it was shown that transformational-leadership-style can positively and significantly predict employee engagement variation with individual prediction power of 52.7% and significance level of Beta= .000 which is less than .05. But transactional leadership style has a weak positive prediction power of 17.7% of variation in employee engagement and the prediction is also insignificant with Beta value of .0.65 which is greater than .05. Similarly

autocratic leadership has a negative strong prediction power of 28% of variation in employee engagement and this power is significant as well with Beta value of =.005 which is less than .05.

Finally; the formulated hypothesis was tested against the confidence level of 95% or significance level of .05. And hence the first hypothesis; which was $\boldsymbol{H_{01}}$: *Transformational-leadership-style has no significant effect on employee-engagement at Nib International Bank S.C.* was rejected as the significance value of transformational leadership is P=.000 which shows the relationship is significant with Beta value of =.527. But the second hypothesis; which was $\boldsymbol{H_{02}}$: *Transactional leadership style has no significant effect on employee engagement at Nib International Bank S.C.* was accepted as the significance value of transactional-leadership-style is P=.065 which shows indeed the relationship between the two variables is insignificant with Beta value of =.177. The third hypothesis; which was $\boldsymbol{H_{03}}$: *Autocratic-leadership-style has no significant effect on employee engagement at Nib International Bank S.C* was rejected as the significance value of autocratic-leadership-style is P=.005 which shows the relationship is significant with Beta value of =.-280.

5.3. Conclusions

The study has tried to examine the effect of leadership-styles on employee-engagement at Nib International Bank S.C; which was the researcher's main objective. So based on the summary of major findings that resulted from the analysis of primary data collected from sample employees of the bank and secondary data reviewed; the following conclusions were made which are hoped to answer the research questions.

From the outputs and results of the analysis conducted it can be concluded that all of the three types of leadership-styles considered in this study are practiced in Nib International Bank in a

mixed way but with different degree. The descriptive analysis indicated that transformational-leadership-style is more applied by the supervisors in NIB than transactional-leadership-style and autocratic-leadership-style which are practiced moderately as perceived by the employees.

The study has also concluded that transformational-leadership-style and transactional-leadership-style positively affect employee engagement in NIB but with different degree of significance. When the immediate supervisors exhibit transformational leadership style manifested in its four different dimensions (idealized-Influence, inspirational-motivation, intellectual-stimulation and individual-consideration) while dealing with their subordinates; they tend to significantly increase the engagement level of the subordinates. But the positive contribution of their leadership role to engagement is very marginal when they apply transactional leadership style. The less favorable leadership style at NIB as perceived by the employees is autocratic leadership style which significantly contributes to creating disengaged employees. So the overall conclusion of this point is that employees at NIB prefer leadership style that gave them more autonomous on their job, encourages creativity and innovation, and contributes to their personal development. This conclusion fortunately synchronize with the fact that all of the sampled respondents for the research study were professional employees with minimum educational qualification of BA/BSc degree who are normally inclined to prefer psychological satisfaction or intrinsic values and personal development than extrinsic values like contingent reward.

The results of the research study has also revealed the overall engagement level of employees at NIB is a little bit more than average which can be concluded that it was a result of more application of transformational-leadership-style which positively affects employee engagement as shown by the correlation analysis than the other two leadership styles considered in the study which either negatively or marginally positively affects employee engagement at NIB. So with

regard to employee engagement level; it can be concluded that engagement level at NIB can be enhanced or increased if the supervisors use optimum proportions of leadership style while dealing with their subordinates. That means frequent application of transformational leadership style, occasional practicing of transactional-leadership-style in some situations and avoiding to use autocratic leadership style as much as possible if the bank aims to fully engage its workforce in its endeavor to survive in the ever increasing fierce competitive environment of the financial or banking sector in Ethiopia.

5.4. Recommendations

Based on the major results and findings of the research study and conclusions drawn above; the following recommendations are forwarded to the study company for its consideration with regard to its employee engagement.

- It is imperative that service excellence should be up to the highest standard possible for organizations like NIB to survive and flourish in the banking sector which is characterized or known for its stiff competition. This service excellence is in turn achieved by fully engaged work force that experiences the moments of truth with the customer and thus insures competitive advantage is intact in this regard. So if its aspires to be successful in the sector, Nib International bank S.C is recommended to increase the current level of employee engagement which is a little bit more than average or moderate as discovered by this study. The bank can do so by periodically reviewing the engagement level of its employees based on in house research study and then continuously giving capacity building leadership trainings and development programs that promotes the wider application of transformational leadership style which positively

affect employee engagement and reduction of application of autocratic leadership style which negatively affects employee engagement.

- It should periodically conduct employee engagement survey to assess the level of its employees' engagement so that appropriate engagement enhancing measures are put in place to increase its bank wise overall engagement level. This practice should not be a onetime program and should be rather included as regular operation policy of the bank.
- The bank should also promote the application of transformational-leadership-style by its managers and supervisors as this leadership style highly and positively affects employee engagement. As part of the promotion of this leadership style; the bank should devise leadership capacity building training programs for its managers and supervisors especially with regard to the strong positive correlation between employee-engagement and transformational-leadership-style.
- Related to the last recommendation; the bank should also discourage its managers and supervisors to exhibit autocratic leadership style as it decreases employee engagement and the impact is also significant. Meanwhile the effect of transactional leadership on engagement is minimal and positive and the bank should accordingly advise its leaders to apply it only when the situation requires.
- In general the bank should value the contribution of the employees towards its business success by making sure that their endeavors and efforts are appreciated, the work environment is conducive, all the required resources for their job are always in place, innovative and creative ideas are encouraged, & training and learning opportunities for their personal and career development is fairly allocated among all employees. By making these employee engagement enhancing moves; the bank should not only improve

the engagement level of its employees but also improves their service year or commitment with the bank as now majority of its employees (38.5%) have served the bank for less than five (5) years.

5.5. Suggestion for Future Research Studies

Given the limitations identified in this study; some ideas that may overcome the limitations can be suggested for considerations in further studies in the future.

- This study has been done with 80 sample sizes and only confined to employees working at the head office of the bank. So the quality and implications of similar studies in the future can be improved by taking larger sample sizes by involving more employees from the bank's branches as well.
- It is also suggested that survey of overall employee engagement level and the impact of leadership-styles on engagement across different banks can be done in the future to assess likewise results for the banking or financial sector in Ethiopia as a whole which may contribute to improving the current deteriorating customer service quality across all banks in the country.
- Similar research studies can also be done in the future by incorporating different sectors other than the banking sector to better assess employee engagement and its relationship with different leadership styles across different industries or business sectors.
- Further studies will also be beneficial if other factors like work environment, organizational culture or Human Resource (HR) policy are considered as other variables in addition to leadership styles in assessing their impact on employee-engagement.

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APPENDICES

I. Questionnaire



ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE

PART A: Introduction

Dear Respondent,

The purpose of this questionnaire is to gather information for the research study entitled **"THE EFFECT OF LEADERSHIP STYLE ON EMPLOYEE ENGAGEMENT: THE CASE OF NIB INTERNATIONAL BANK S.C."** as part of the fulfillment of requirement for the award of Masters of Business Leadership at Addis Ababa University, School of Commerce. The information you provide will be kept strictly confidential and will be used only for this research purpose. Hence, I sincerely request your kind cooperation and genuine responses to the enclosed few questions which will not take more than 15 minutes of your precious time.

Your timely completion and return of this questionnaire is highly appreciated and will help me to stay in my schedule. I once again thank you for your kind cooperation and if you have any question, clarification or concern regarding the questions; you can directly contact me through my telephone or e-mail address mentioned under.

Sincerely Yours,

Nathan Ararso

Tel: +251-911310764/+251-911650725

E-mail: 7nathex@gmail.com

PART B: Demographic Questions

1. What Is Your Age? (In Years)

   Below 25 ☐ 25-35 ☐ 36-45 ☐ 46-50 ☐ Above 50 ☐

2. What Is Your Gender?

   Male ☐ Female ☐

3. What Is Your Current Education Level?

   BA/BSc Degree ☐ MA/MSc Degree ☐ PhD ☐ Others ☐

4. Service Year In The Organization

   1-5 years ☐ 6-10 years ☐ 11-15 years ☐ Above 15 years ☐

PART C: Multifactor Leadership Questionnaire -Adapted

The sets of statements aimed at helping you assess your feelings or perceptions of the leadership style of your immediate supervisor. You are requested to rate your supervisor against each statement to indicate your level of agreement with what the statement is suggesting. Please tick **(√)** your preferences on the 5 point Likert Scale prepared for this purpose.

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

TRANSFORMATIONAL LEADERSHIP STYLE						
Idealized Influence (II)		**1**	**2**	**3**	**4**	**5**
1	My supervisor makes others feel good to be around him / her					
2	I have complete faith in my supervisor					
3	I am proud to be associated with my supervisor					
Inspirational Motivation (IM)		**1**	**2**	**3**	**4**	**5**
1	My supervisor expresses in a few simple words what we could and should do					
2	My supervisor provides appealing images about what we can do					
3	My supervisor helps me find meaning in my work					
Intellectual Stimulation (IS)		**1**	**2**	**3**	**4**	**5**
1	My supervisor enables others to think about old problems in new ways					
2	My supervisor provides others with new ways of looking at puzzling things.					
3	My supervisor gets others to rethink ideas that they had never questioned before.					
Individual Consideration (IC)		**1**	**2**	**3**	**4**	**5**
1	My supervisor helps others develop themselves					
2	My supervisor lets others know how he /she thinks we are doing					
3	My supervisor gives personal attention to others who seem rejected					

TRANSACTIONAL LEADERSHIP STYLE						
Contingent Reward(CR)		**1**	**2**	**3**	**4**	**5**
1	My supervisor provides me with assistance in exchange for my efforts					
2	My supervisor is specific about who is responsible for reaching performance targets					
3	My supervisor makes clear what one can expect to receive when performance goals are achieved					
Management By Exception Active (MBEA)		**1**	**2**	**3**	**4**	**5**
1	My supervisor focuses attention on mistakes and deviations from standards					
2	My supervisor concentrates his/her full attention on dealing with mistakes, complaints, and failures					
3	My supervisor keeps track of all mistakes					
Management By Exception Passive (MBEP)		**1**	**2**	**3**	**4**	**5**
1	My supervisor fails to interfere until problems become serious					
2	My supervisor waits for things to go wrong before taking action					
3	My supervisor shows that he/she is a firm believer in “If it isn't broke, don’t fix it.”					
AUTOCRATIC LEADERSHIP STYLE (ALS)		**1**	**2**	**3**	**4**	**5**
1	My manager believes employees need to be supervised closely, or they are not likely to do their work					
2	As a rule, my supervisor believes that employees must be given rewards or punishments in order to motivate them to					

	achieve organizational objectives					
3	I feel insecure about my work and need direction					
4	My supervisor is the chief judge of the achievements of employees					
5	My supervisor gives orders and clarifies procedures					

PART D: Employee Engagement Rater Form –Adapted

Please read each statement carefully and decide if you ever feel this way about your job. Please tick **(√)** for your agreement or disagreement with each statement on the 5 point Likert Scale prepared for this purpose.

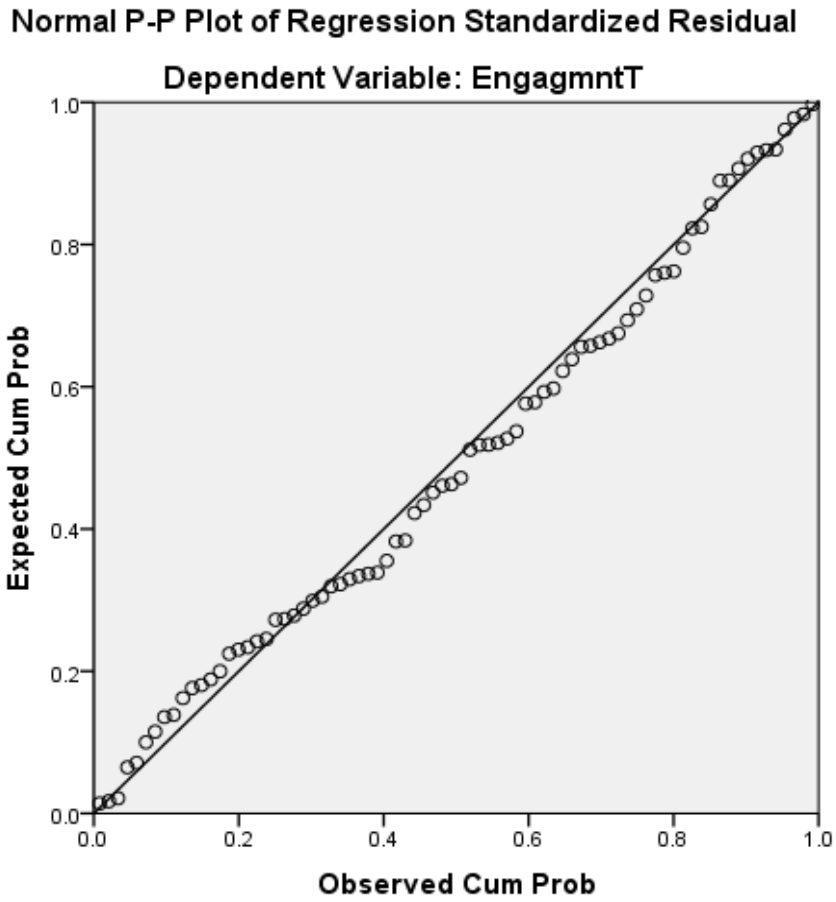
1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

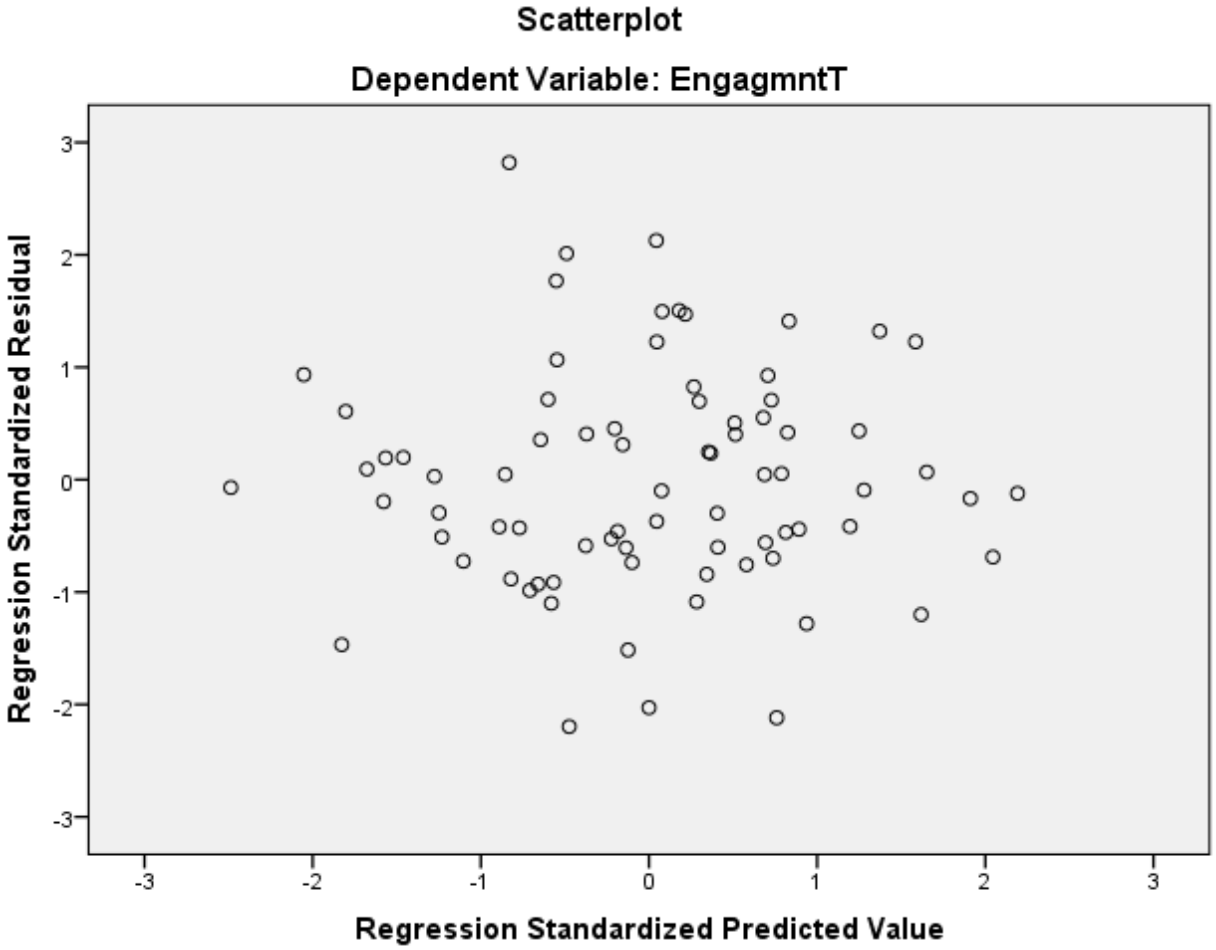
EMPLOYEE ENGAGEMENT (EE)		**1**	**2**	**3**	**4**	**5**
1	At my work, I feel bursting with energy					
2	At my job, I feel strong and vigorous					
3	When I get up in the morning, I feel like going to work					
4	I can continue working for very long periods at a time					
5	At my job, I am very resilient, mentally					
6	At my work I always persevere, even when things do not go well					
7	I find the work that I do full of meaning and purpose					
8	I am enthusiastic about my job					

9	My job inspires me					
10	I am proud on the work that I do					
11	To me, my job is challenging					
12	Time flies when I'm working					
13	When I am working, I forget everything else around me					
14	I feel happy when I am working intensely					
15	I am immersed in my work					
16	I get carried away when I'm working					
17	It is difficult to detach myself from my job					

==========Thank You for Your Co-operation & Prompt Response!!==========

II. Charts


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: EngagmntT
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Scatterplot
Dependent Variable: EngagmntT
Regression Standardized Residual
Regression Standardized Predicted Value
3
2
1
0
-1
-2
-3
-3
-2
-1
0
1
2
3